

WORLD NEWS

**SDLP and
Sinn Fein
talks end**

Sinn Fein, the IRA's political wing, and the mainly Catholic Social and Democratic Labour Party ended nine months of talks yesterday. The news brought calls for Dublin's political leaders for discussions between the SDLP and Unionists.

The funerals of two IRA brothers killed in an SAS-style operation this week passed off peacefully in the village of Loughmacrory, Co Tyrone. The area was heavily security as police in riot gear sought to prevent any paramilitary display by the IRA.

Army withdraws
The Army has withdrawn from Sport Aid '88, where personnel were due to help organize a charity race in Hyde Park, London, because of security fears.

PO chiefs seek talks
Post Office managers sought talks with union leaders to end the postal workers' dispute. Back Page

Dukakis campaign move
US Governor Michael Dukakis attempted to revive his presidential campaign by recalling John Sasso who resigned in disgrace as campaign manager last year. Back Page 4

Poll puts Tories in lead
The Conservatives have an 11 per cent lead over Labour, according to BBC Newshigh's poll of polls. Latest figures give the Tories 47 per cent, Labour 36 per cent, the SDP 10 per cent and the SDP 5 per cent.

AEU compromises
Leaders of the AEU engineering union drew up compromise proposals aimed at preventing the EETPU electricians' union from being expelled from the TUC next week. Page 5

Hopes for hostages
Iranian Foreign Minister Ali Akbar Velayati said he had heard good news about the fate of the three British hostages held in Lebanon and promised he would try to secure their release.

Chemical weapons claims
The Foreign Office accepted claims of allegations that the Iraqis had been using chemical weapons against the Kurdish population in the north of the country. Refugees tell of gas attacks. Page 2

Welcome talk to strikers
Polish Solidarity leader Lech Wałęsa travelled across the country to talk to members of the banned trade union who have ignored his back-to-work call.

Diplomats in strike vote
French diplomats in Washington voted to strike in protest at changes in overseas living allowances. The action may spread to other missions.

Spanish drugs bust
Spanish police seized seven tonnes of hashish in a raid on a container in Barcelona port, and arrested 14 people, including foreigners, in the resorts of Alicante and Benidorm.

Louse plague feared
East Africa is facing its worst louse plague for 35 years. Agriculture experts predict swarms could reach Kenya and Tanzania before the end of the year.

Dhaka airport closed
Relief operations in Bangladesh were hampered when monsoon flooding closed Dhaka airport to international flights. Page 3

Anti-Mafia battle
Italy's new anti-Mafia Commissioner is to have more powers and greater resources than his predecessors in the country's fight against the Mafia. Page 2

Bruce, Tyson fight
Frank Bruno's world heavyweight title clash with Mike Tyson will take place on October 22.

Markets

STOCK MARKETS

New York: Comex Dec \$1,002.25

London: FTSE 100 1,426.50

DAX 30 (1,575.00)

DAX 13 (5,155.00)

FTSE 100S 10,960

FTSE 250S 2,547.00

Y250 (228.25)

£. Index 75.2 (75.5)

DM/£ 1.002.25

New York: Comex Dec \$245.4

London: FTSE 100 1,426.75

DM/£ 1.002.25

Yen/£ 1.002.25

DM/£ 1.002.25

Yen/£ 1.002.25

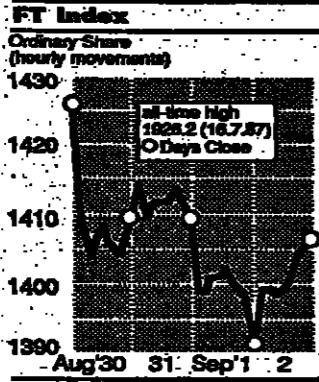
Long Bond: 100% yield: 9.03%

BUSINESS SUMMARY

**Barclays
regains AAA
credit rating**

BARCLAYS BANK has regained its triple A credit rating for bonds issued in the US debt markets from Standard & Poor's, one of the leading US credit rating agencies, which has also upgraded Midland Bank to AA-. Page 26.

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Interest movements



High-definition TV battle sparked by US decision on standards

By Rod Oram in New York and Raymond Snoddy in London

THE GLOBAL battle for leadership in high-definition television technology has turned into a three-way race following a standard incompatible with those proposed by Europe and Japan.

The move, reminiscent of similar complications which beset the introduction of colour television in the 1950s and 1960s, makes it highly unlikely that television manufacturers and broadcasters will be able to achieve a common international standard.

The US is still more than a year away from choosing its standard. However, the technical guidelines approved on Thursday by the Federal Communications Commission eliminated both the existing Japanese high-definition production system and a rival being developed by a European manufacturing consortium under the Eureca programme.

High-definition television's superior pictures and sound, together with its wider screen,

should significantly spur television sales and viewing when introduced in the early 1990s. Nomura, one of Japan's leading stockbrokers, has reported that HDTV had sales potential greater than that of any other consumer electronic product. It suggested that the receiver market alone would be worth more than £17bn within 12 months.

The US communications commission laid down three main principles:

- The new HDTV signal must be transmitted on existing frequencies, enabling old sets to pick up the programmes. However, viewers would need new sets to get the superior pictures.

- A common HDTV signal had to be suitable for cable, satellite and broadcast transmission.

- A US standard must offer viewers quality comparable with that of other HDTV systems.

Standards which meet the guidelines have been proposed

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Italy plans to dispose of Karin B waste at home

By John Wyles in Rome

THE Italian Government yesterday decided to end the tormented wanderings of the Karin B and to try to dispose of its cargo of 2,100 tonnes of industrial waste in Italy itself.

At the same time Mr Giorgio Ruffolo, the Italian Environment Minister, announced Italy would ban the export of toxic waste to Third World countries.

At the end of a week in which the vessel had been refused permission to dock in Britain, France and the Netherlands, Mr Ruffolo said ministers had "taken note of the impossibility" of disposing of its cargo in other European countries and "decided to seek a practical solution in the national territory."

He also announced plans to construct a national network of toxic waste disposal plants.

A working group comprising Mr Ruffolo and his colleagues from the Ministries of Defence and Development and European Merchant Marine and Civil Protection has to decide where the vessel should dock and the organs to examine its cargo.

Mr Ruffolo was given the go-ahead yesterday to produce draft legislation to remedy Italy's lack of capacity to dispose of industrial waste - it was of very low toxicity.

The Government's political embarrassment goes further because the Karin B's peregrinations were a result of Rome's reluctance to stand up to protests in Ravenna, where the ship was originally due to dock in mid-August. Its cargo was to have been incinerated in a plant near the Adriatic port.

Fearing fresh protests once the Karin B enters Italian waters and further political gains for the Greens, it seems likely that ministers will send the vessel to a military port where its cargo may be stored.

A second vessel, the Deep Sea Carrier, which has followed the Karin B in removing industrial waste of Italian origin from the Nigerian port of Koko, will almost certainly be given the same treatment.

Mr Ruffolo said Italy would immediately apply recommendations of the Organisation for Economic Co-operation and Development and European Community by banning the export of industrial waste to Third World countries.

Mr Ruffolo was given the go-ahead yesterday to produce draft legislation to remedy Italy's lack of capacity to dispose of industrial waste - it was of very low toxicity.

The Department of the Environment said it had been aware of a technical report on the cargo prepared by a team of scientists from the UK Atomic Energy Authority, but that the report would not have affected its decision.

On Tuesday, Mrs Virginia Bottomley, the junior Environment Minister, said one reason permission to unload the cargo was being refused was that its composition was not known.

KGB gets the glasnost bug

By John Lloyd in Moscow

THE HEAD of the KGB, the Soviet secret police, has called for "more openness" in his organisation in perhaps the most extreme manifestation of glasnost yet.

Mr Vladiimir Chubrikov, chairman of the KGB (Committee of State Security), Politburo member and chief spokesman of Mr Mikhail Gorbachev, the Soviet leader, said in an interview in Pravda that a law being prepared would make the KGB more accountable to the citizens who pay its wages and allow them to be less afraid of it.

Mr Chubrikov will have plenty of scope to make the KGB's operations more public because it surpasses the British and French secret services in its hatred of disclosure and is far behind the relative openness of the US Central Intelligence Agency.

Its operations at home and abroad are estimated in the millions, reports from defectors

attest to its ruthlessness and nearly all diplomats, business people and journalists in the Soviet Union assume they are "bugged."

It also has a long arm. Soon after Mr Philip Townsend, the New York Times' Moscow bureau chief, wrote an article about being followed by the KGB earlier this year, his wife was arrested at the airport and accused of smuggling.

Mr Chubrikov, however, says he sees nothing sinister in the linking of the KGB with glasnost (openness). Already it has been active in rehabilitating many of the victims of Stalinist purges which the KGB, then the NKVD, carried out. He said about 20,000 NKVD officers had themselves been liquidated and did not doubt that it had been a dark period.

Asked what guarantees he could give that the organisation would never again "violate socialist legality," Mr Chubrikov said the KGB was now

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OVERSEAS NEWS

Turkey 'offers sanctuary to Iraqi Kurdish leader'

By Our Foreign Staff

REPORTS from Turkey suggested yesterday that the Turkish Government has expressed willingness to give temporary sanctuary to an Iraqi Kurdish leader, after several weeks of fierce fighting between Kurdish rebels and Iraqi troops.

Reuters news agency quoted a source close to Mr Turgut Ozal, Turkish Prime Minister, as saying that Turkey was prepared to give sanctuary to Mr Masoud Barzani, leader of the Kurdish Democratic Party, after a request for asylum had reached the Turkish embassy in Tehran.

The offer was made on condition that Mr Barzani agreed to go on to another country. This underlines Turkey's reluctance to become further involved with what is virtually civil war raging in parts of northern Iraq.

Faced with an influx of as many as 100,000 Kurdish refugees from the fighting, Turkey has been anxiously looking for ways to defuse the problem. Mr



Nuzhet Kandemir, Foreign Ministry Under-secretary, said yesterday after talks in Tehran that Mr Mir Hussein Mousavi, Iranian Prime Minister, had personally confirmed that all Kurdish refugees in Turkey who wished to go on to Iran would be accepted.

The KDP yesterday accused Iraqi forces of massacring 1,800 unarmed Kurdish civilians on

August 28 in the Dahuk area. It said they were buried in mass graves.

There have also been persistent charges that the Iraqis have indiscriminately used chemical weapons in their current onslaught on the Kurds.

The US said on Thursday it was investigating these reports.

Andrew Gowers adds: Amnesty International said yesterday it had received reports that hundreds of unarmed Kurdish civilians, including women and children, were deliberately killed and thousands of others wounded in Iraqi attacks on Kurdish villages during August.

The human rights organisation said it believed the killings were part of a systematic and deliberate policy on the part of the Government of Iraq to eliminate large numbers of Kurdish civilians, both as punishment for their imputed political sympathies and in retaliation for the activities of opposition forces.

grounds. Turkey's borders were opened to the refugees on Monday night.

Watched over by four paramilitary gendarmes, Mr Adil Mohammed, 18, a fighter for the Kurdish Democratic Party headed by Mr Masoud Barzani, said he had crossed from his village 150km inside Iraq. In Zaho province, four days before, he had been wounded in the leg when Iraqi forces attacked with bombs, tanks and infantry. Fear of his brothers did not escape.

He also said 40 of his comrades had been killed by chem-

ical weapons and that more than 3,000 people had been injured by them. The chemical used was a dust-like substance, he said. Three aircraft carrying chemical bombs had been shot down by guerrillas earlier in the conflict.

The guerrillas are ferrying their wounded, women, children, and the aged and infirm, across the border, said Mr Mohammed. He would go back to continue fighting when he added. When told Turkey had offered Mr Barzani temporary asylum, he said his leader was in the thick of the battle.

By Jim Bodgeman in Cizre, south-eastern Turkey

HOSPITALS all over Turkey's south-east have opened their doors to wounded Iraqi Kurdish civilian refugees and guerrillas fleeing the fierce fighting in northern Iraq.

In a clinic at the trucking town of Cizre on the main Iraq-Turkey highway, a *beshmerg* (guerrilla) shot in the leg told of massive Iraqi attacks, including the use of chemical weapons, against his village.

The Turkish Government has stressed since Tuesday it will do all it can to help refugees on humanitarian

grounds.

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By Jim Bodgeman in Cizre, south-eastern Turkey

Iran accuses Iraq of trying to revive war in waterway dispute

By Andrew Gowers, Middle East Editor

MR ALI Akbar Hashemi Rafsanjani, Iran's armed forces chief, accused Iraq yesterday of "trying to rekindle the flames of war" by resurrecting its claim to control over the Shatt al-Arab waterway.

Mr Rafsanjani, in effect Iran's chief executive, made the remark at a Friday dinner meeting in Tehran against a background of continued stalemate in the Geneva peace talks and of allegations that Iraq has repeatedly violated the long-standing Gulf ceasefire.

In Geneva, mediated by Mr Jan Eliasson, the new UN special representative, between Mr Ali Akbar Velayati, Iranian Foreign Minister, and Mr Tariq Aziz, his Iraqi counterpart, remained stalemated over arrangements for a ceasefire at sea and for clearing the Shatt al-Arab.

Diplomats reported no sign of movement by either side

from their now "deeply entrenched positions", and officials in Baghdad and Tehran continued to set out diametrically opposite arguments about control over the waterway.

Mr Rafsanjani said Iraq had just as much interest as Iraq in early clearance of the Shatt, given the needs of its ports on the waterway, Abadan and Khorramshahr.

However, he implied that this would have to take place on the basis of the 1975 Algiers accord, which gives the two countries shared sovereignty and which Iraq has repeatedly repudiated.

The Iranians have also told the UN what they claim to be Iraqi ceasefire violations.

A senior oil official in the Gulf, quoted by the Kuwaiti news agency, said Sipri was suggesting Iran and Iraq have the same oil production quota of 2.5m barrels per day.

However, diplomats monitoring the Geneva talks believe

EC credit card plans condemned

By William Dawkins in Brussels

EUROPEAN Community bankers yesterday condemned draft plans to set common consumer protection rules in the rapidly changing cash and credit card industry.

The scheme, now receiving its finishing touches from European Commission experts, would set rules to be embodied in member states' national statutes on how payment systems should be organised across the Community. It would make card issuers liable for all losses incurred by card holders, except when customers are careless or dishonest.

Copies of the plan have been circulated so far only among a limited group of interested parties, but the Brussels authorities are expected to decide whether to adopt and publish it as official policy within the next two weeks. Some financial experts with the commission are believed to have reservations.

If it is adopted by the commission, EC governments would be asked to ratify the draft directive.

The Banking Federation of the EC and its counterpart lobby groups for the savings and co-operative banks yesterday issued a paper to argue that statutory rules would be too rigid for this merciful field and that a "gentlemen's code of conduct" would be more flexible.

The commission feels that different national laws on payment systems will develop in conflicting ways without its influence, and that banks have a duty to pay for losses in cases where cardholders have no responsibility.

"Where there aren't any international rules, we shall have chaos," said an official.

New anti-Mafia chief to have stronger powers

By John Wyles in Rome

MR DOMENICO SICA, Italy's new anti-Mafia Commissioner, is set to be invested with stronger powers and greater resources than any of his four predecessors, after a decision by the Italian cabinet yesterday.

Under a bill to be sent to parliament, the bearded, laconic Mr Sica will have rights of inquiry and investigation never enjoyed by a magistrate. He will be given a team of secret service agents on secondment, an enlarged staff and an annual budget of about £25m (£11m).

The measures were adopted after a lively cabinet discussion in which some ministers seemed to think the powers excessive. They are meant to be a statement of the Government's determination to step up the national fight against the Mafia.

Mr Sica's task will be to coordinate the somewhat fragmented activities of police and magistrates, not only in Sicily and Calabria but also in Naples, which is afflicted by a local version of the Mafia.

To this end, he will have rights of access to police and magistrates' reports usually covered by rules of pre-trial secrecy. Given the need to crack down on the vast sums from the drug trade and other illicit funds moving within the banking system, he will also be empowered to examine bank accounts and financial transactions.

The award of public contracts could come under his scrutiny and individuals with suspected knowledge of, or involvement in, Mafia activities will not be allowed to refuse him an interview. Another big step will be the creation of a national bank of data about the Mafia.

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De la Madrid's veils torn away

David Gardner on a new balance of power emerging in Mexico

THE Mexican state, in the person of its prime minister, has suffered a blow to its image.

On Thursday, President Miguel de la Madrid was openly challenged by congressmen whose traditional duty has been to listen politely and applaud loudly at the annual ritual of the state of the union address, the most solemn event in Mexico's political calendar.

In a highly centralised, pyramid-structured system, where the president enjoys quasi-monarchical powers and is treated with a reverence which frequently borders on the obsequious, this is not a small thing.

The late Mr Jesus Reyes Heredia, leading ideologue of the second half of the 71-year reign of the governing Institutional Revolutionary Party (PRI), used to say that "in politics, form is substance". But Mexico in transition is more about substance than form.

The opposition deputies and senators who shouted down Mr de la Madrid not only tore away veils of presidential mystification but also gave warning of a new balance of power in Mexico between a hitherto powerful executive and a rubber-stamp legislature.

The immediate cause of opposition disruption of Mr de la Madrid's final state of the union address before leaving office on December 1 was the dispute over his successor.

Both the Left, led by Mr Cuauhtemoc Cárdenas, a PRI defector, and the right, grouped in the National Action

Party (PAN), were present in unprecedented numbers because of the PRI's historic setback of the polls in the presidential and general elections in July.

Despite their congressional gains, they claim that President de la Madrid's designated heir, Mr Carlos Salinas de Gortari, the former Planning Minister, is being imposed by ballot-rigging in July and subsequent chicanery in the PRI-dominated electoral bodies which review the results.

No sooner had Mr de la Madrid begun remarking in self-congratulatory tones on the "historical importance" of the "peaceful, orderly and widely invigorated" elections, than Mr Jorge Martinez Almaraz, a former PRI member, now a leader of the Cárdenas coalition in Congress, jumped to his feet.

The people will not accept an electoral fraud or its representatives," he shouted, whereupon Cárdenas and PAN deputies rose in unison, the latter exhibiting allegedly stolen ballot-papers. For four minutes the chamber rang to the cry of "total repudiation of electoral fraud", and the counterblast from the PAN and cabinet benches of Mexico, Mexico."

"The recent elections should be seen as a step up towards superior stages," the President continued. "You promised clean elections - you lied," came the cry from the Cárdenas ranks.

"Net foreign indebtedness in this administration has diminished," Mr de la Madrid explained. "The debt has been

power: "This is the Congress, Mr President, you are not in the presidency now."

Perhaps, as the liberal historian Mr Enrique Krauze remarked: "This is a sort of vacuum. The presidential system is weakening but we don't yet have a parliamentary system capable of taking its powers."

Though the regime can be expected to bulldoze through its 15th consecutive presidential victory next week, Mr Salinas will still be faced with an almost evenly divided Congress in which the opposition will be determined to exercise power.

The Cárdenas coalition in particular, which channelled all its force into winning the presidency and lost at least 57 seats by fighting as separate parties for Congress, will eventually have to divert its energy into the legislature.

That this will not be well-received in some PRI circles was attested by the insults and blows rained down on Senator Ponciano Muñoz, the former PRI president turned Cárdenas strategist who led a protest by the opposition after fruitlessly demanding a debate with the President on his "supreme" mandate to respect the electoral will of the people.

One member of the PRI national executive shrugged off what he described as this "aceography of transition". "It's not that we're too soft, perhaps we're too soft, too much about these things, too parochial. We're going to have to learn to live with uncertain situations."

door to new protectionist measures.

Among the last measures passed were articles to give an amnesty to certain debts of small businesses and impose a ceiling of 12 per cent a year on interest rates.

This latter decision has caused outrage in the financial community, which fears it will tie the government's hands in its efforts to manage the money supply and service its vast debts.

Mr Mauro da Nobrega, Finance Minister, has tried to reassure the market by promising the government will ignore the measure, at least until enabling legislation has been hammered out.

Reaction to the closure of the Constituent Assembly's business has been equivocal. While the left celebrated, some right-wingers found themselves struggling to define their emotions.

"It's not good, but then it's not all bad," said Mr José Lourdes, leader of the conservative Liberal Front Party. "I suppose we will be able to live with it."

granted powers to intervene in government in the interest of "national security". The land reform lobby also lost a battle for powers to confiscate property for redistribution.

The constitution bears a strong nationalist tone, restricting the activities of foreign companies in exploration for minerals and oil, and creating the concept of *habeas data* (a citizen's right to see personal records).

Elsewhere, however, conservative forces had the upper hand with the military in effect

The new constitution, the

big companies in Sweden have been particularly zealous in their efforts to convince the politicians and public opinion that the country cannot afford to ignore what is happening in the EC, but the present general election campaign, with its concentration on environmental issues and the spate of political scandals surrounding the inquiry into the murder of the late prime minister, Olof Palme, has been rather insular.

By taking such a positive attitude towards the EC, Mr Bildt is attempting to widen the nature of the election debate. Last week, the Conservatives in Norway said they intended to over the next few years to seek membership of the EC for their country. Mr Bildt fell short of advocating such a step but clearly feels that, if Norway can reconcile its neutrality with EC membership in the future, then so can Sweden.

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THE POLISARIO Front, elaborating on its acceptance of a UN plan to end its 12-year war with Morocco over the Western Saharan, has confirmed that a ceasefire can be arranged before the end of this year if Madrid agrees to hold talks with it.

At a news conference in Algiers, Mr Bachir Mchichi, Polisario's external relations chief, sought to give the impression that Morocco's refusal to negotiate with it directly continues to be an obstacle to the peace process.

However, this is not what UN officials have been given to understand. They remain emphatic that the acceptance of the peace plan by both Polisario and Morocco on Tuesday was unconditional and that the two sides confined themselves to making "remarks and comments" on the document, presented to them last month by Mr Javier Pérez de Cuellar, the UN Secretary-General.

Diplomats believe that Polisario is now under intense pressure from the Algerian Government, its principal backer which broke the logjam over Western Saharan by restoring diplomatic relations with Morocco in May, not to do anything to disrupt the peace plan.

In public at least, the Front therefore will have to make do with proximity talks through the UN.

Soon after he returns to New York in 10 days, Mr Pérez de Cuellar is expected to be asked by the UN Security Council to name a special representative for the Saharan issue.

This representative will have wide powers to oversee arrangements for a ceasefire and withdrawal of troops, followed next spring by a UN-supervised referendum among the population of the disputed territory about its future status.

S Korea's trade surplus falls

South Korea's customs-cleared trade surplus in August fell to \$332m from \$395m in July, official figures showed, Reuter reports from Seoul.

The surplus for the first eight months of 1988 was \$2.4bn, compared with \$3.3bn a year earlier.

FOB (free-on-board) exports rose to \$5.25bn in August from \$5.15bn in July and \$5.65bn in August 1987.

GIF (cost, insurance, freight) imports in August increased to \$4.95bn from \$4.45bn in the previous month and \$4.85bn a year earlier.

AP-DJ adds South Korea's trade deficit with Japan shrank in the first seven months of this year to \$2.65bn from \$3.59bn a year earlier.

The decrease was attributed to government efforts to help reduce imports from Japan.

The trade deficit with Japan is expected to contract from \$5.22bn in 1987 to \$4.55bn this year.

Zia crash arrests

A Pakistani newspaper said an air force squadron-leader and eight other people had been arrested in connection with the aircraft crash that killed President Mohammed Zia ul-Haq, AP reports from Islamabad.

Jang, an Urdu daily, quoted informed sources as saying nine were arrested on Thursday night at Islamabad Airport, which doubles as a military airbase.

More than 20 Pakistanis have been arrested in the investigation.

Peru reshuffle

Five ministerial changes were announced by the Per

OVERSEAS NEWS

Travellers trim Japanese surplus on visible trade

By Stefan Wagstyl in Tokyo

A SURGE in spending by Japanese tourists overseas helped to push Japan's seasonally-adjusted current account surplus for July down to \$4.55bn, compared with \$5.25bn a month earlier.

However, the overall decline in the surplus was magnified by changes in the collection of data, which make direct comparisons difficult.

The increase in the deficit in invisible items, including tourism, offset an increase in the visible trade surplus from \$6.18bn in June to \$7.24bn. This was partly caused by a 4 per cent decline in imports, which economists regard as temporary, and partly by a 2 per cent rise in exports, which is an indication of renewed export strength in Japanese industry.

Some economists believe exports could continue growing in the second half of the year, increasing the imbalance in trade between Japan and the rest of the industrialised world.

Meanwhile, overseas portfolio investment picked up sharply in July because of fresh confidence in the strength of the US dollar. The long-term capital account passed a deficit of \$18.4bn, almost as high as the \$18.5bn registered in July last year, when Japanese funds were flowing overseas at record levels. The figure was sharply up on the \$10bn recorded in June 1988.

A huge jump in the purchase of foreign bonds, from \$7.8bn in June to \$14.3bn, was the main element in the outflow of investment funds. Investment in equities remained low at \$9.4bn - up from \$4.2bn.

A Japanese government ministry has concluded that its citizens are bad at making friends, so it has promoted a

Monsoons devastate Bangladeshi economy

REPORT with advice on how to avoid becoming lonely.

The main point of the study, published by a group connected to the Ministry of Labour, is to help people cope with their old age. To have friends when you retire, says the ministry, you have to start early.

It urges people in their 20s and early 30s to get together in a group and buy a cottage or a boat. People should go on holidays together and take up hobbies. Those in their late 30s and 40s should not stint in spending time and money on leisure.

Make room in your budget, says the report. If you have a hobby, make sure you have a workroom and buy first-class tools.

The over-50s are urged to join hobby classes. Don't be afraid to knock on the door, says the ministry. Develop your hobbies. If you like calligraphy, study the work of a famous poet, or go on trips to the countryside to gather inspiration.

People of all ages are told to go to concerts and the theatre. Also, if they hope to rely on their families in their old age, they should visit relatives frequently beforehand. The over-50s are urged not to send expensive presents to relatives on rare occasions, but cheap ones more often.

Don't just send New Year cards, says the report. Write frequently and include recent news about yourself.

The ministry also has some advice for improving relations between couples. Spouses should share the upbringing of their children. Husbands should spend more time at home and do the cooking, from time to time, the report concludes.

Libya revises economic policy

By Tony Walker in Cairo

COLONEL Muammar Gaddafi, the Libyan leader, in one of the policy swings that have become his trademark, has given his blessing to a radical form of workers' capitalism that may prove just as disruptive as the rigid restrictions applied to the Libyan economy since the late 1970s.

Col Gaddafi, speaking on the anniversary of the revolution that brought him to power in 1969, announced sweeping economic reforms, including the abolition of government trading organisations. "All export and import institutions, which import the largest part of people's needs, will be abolished," he said on national television.

Harsh restrictions on imports and on the activities of private traders have contributed to widespread and chronic shortages in Libya's economy. The agricultural sector has also been depressed because of

lack of incentives for farmers, obliged until recently to sell through government-run outlets.

Col Gaddafi announced sweeping privatisation measures in small and medium-sized industries which had been government-controlled.

Libyans should manage their country's production and service establishments on the basis of equality - the system of partners, not wage-earners," he said.

Factories should not belong to a public body, except those which Libyans are groups, as administrators, are incapable of running - for instance, a petrochemical complex, an iron and steel complex, a chemical complex."

The leader has announced various liberalisation measures in the past year, including the release of political prisoners

and the proclamation of a "human rights charter".

He has also sought to neutralise the excesses of revolutionary committees formed to oversee the revolution after he launched his "direct rule by the masses" campaign in 1977.

The Libyan leader's shift in economic policy is part of an apparent effort to counter his regime's growing domestic unpopularity. An economy paralysed by bureaucratic strictures, a highly unpopular war with Chad and widespread human rights abuses by young militant members of revolutionary committees had contributed to increasing dissatisfaction.

Libya has embarked recently on a series of fence-mending steps with its north African neighbours, including Algeria and Tunisia. Relations with Egypt continue difficult.

Australians vote in polls referendum

The result will be ammunition for political point-scoring, Chris Sherwell writes

A USTRALIANS who are irritated by constant demands for them to vote can look forward to fewer elections, if they agree today to changes in the country's constitution.

On the face of it, this is surprising, since the proposed changes appear unobjectionable. They promise:

• Fewer elections, by providing for four-year maximum terms for both the House of Representatives and the Senate.

The House has three-year terms now, while the Senate's six-year term is complicated by having half the members elected every three years.

• Referendums on constitutional changes have an unimpressive record in Australia. Since the country became a federation in 1901, 38 proposals have been put to the people and only eight have won consent - most recently in 1977, when three amendments were agreed.

To gain acceptance, a proposal must secure both a majority of votes and a majority of states. The idea is to make sure the will of the less populous states is not overwhelmed by New South Wales and Victoria.

In practice, a proposal also needs the prior support of the main political parties. With the Liberal and National party

coalition urging a "No" on all four questions being decided this weekend, their chances of success are hardly encouraging.

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Surveys show that most Australians did not know they had a constitution. It is hardly surprising, therefore, that few analysts dare predict an outcome

states' rights in relation to the federal administration in Canberra, and the parties' incessant manoeuvres for advantage have all played a role. The government's decision not to follow all the recommendations of a special Constitutional Commission did not help.

Take the elections question, or Question 1. As in Britain, the Australian Prime Minister can dissolve parliament at will. The result of the three-year term is that, since 1945, Australia

has been to the federal polls almost once every two years, not counting state elections.

Moreover, they are required by law to vote. The proposed change would not rule out early elections at the prime minister's choice, since it does not propose fixed terms. That is because a fixed term would undermine the Senate's power to block legislation.

Even so, the change would remove one excuse for an election - the need to align the two chambers' schedules and is virtually certain to put them further apart.

The opposition's main complaint is that the change will rob the Senate of its watchdog powers to elect and amend legislation, and remove its autonomy by making it subject to prime ministerial whim.

The government, which had admitted its frustration with the Senate, denies this. It says the Senate's powers remain unchanged and that the upper chamber will actually gain legitimacy from being elected at the same time as the lower house.

Similar arguments are at work over the other proposed amendments. Critics say Question Two, for example, cannot guarantee fair elections by its demand for numerical equivalence. What is more, such issues should be decided by the states, not Canberra.

Even the issue of freedom of religion has become controversial, with the Roman Catholic Church in particular expressing concern about the security of state funding for church schools if the change goes through. A senior constitutional lawyer has since sought to allay these fears.

An opinion poll conducted last month suggested a simple majority of voters supported each of the changes, with about one-fifth still undecided. However, surveys only two years ago showed that most Australians did not know they had a constitution.

It is hardly surprising that few analysts dare predict the outcome. All that is certain is that the result will become ammunition for the parties to score more political points off each other.

Battle begins for control of Israel's largest banks

By Andrew Whitley in Jerusalem

A BATTLE for control of Israel's largest commercial banks opened yesterday at a meeting in Jerusalem between Mr Moshe Nissim, Finance Minister, and representatives of the banks' main shareholders.

Since October 1983, when the Government rescued the banking system with a golden safety net for shareholders, the Treasury has had effective control of the banks. Tens of thousands of people have moved to the capital in search of safety and there is a shortage of food and drinking water.

The floodwaters have also entered President Ershad's residence in Dhaka's main military barracks.

which were officially underpinned by the rescue, has focused minds on an issue of deep significance for the economy.

As defender of the public interest, Mr Nissim yesterday confirmed his audience's worst fears.

He was reported to have said the Government intends to press for the abolition of the special funding shares through which it used to exercise control.

Retrospective legislation will have to be introduced to equalise the voting rights of banking shares. Compensation will also

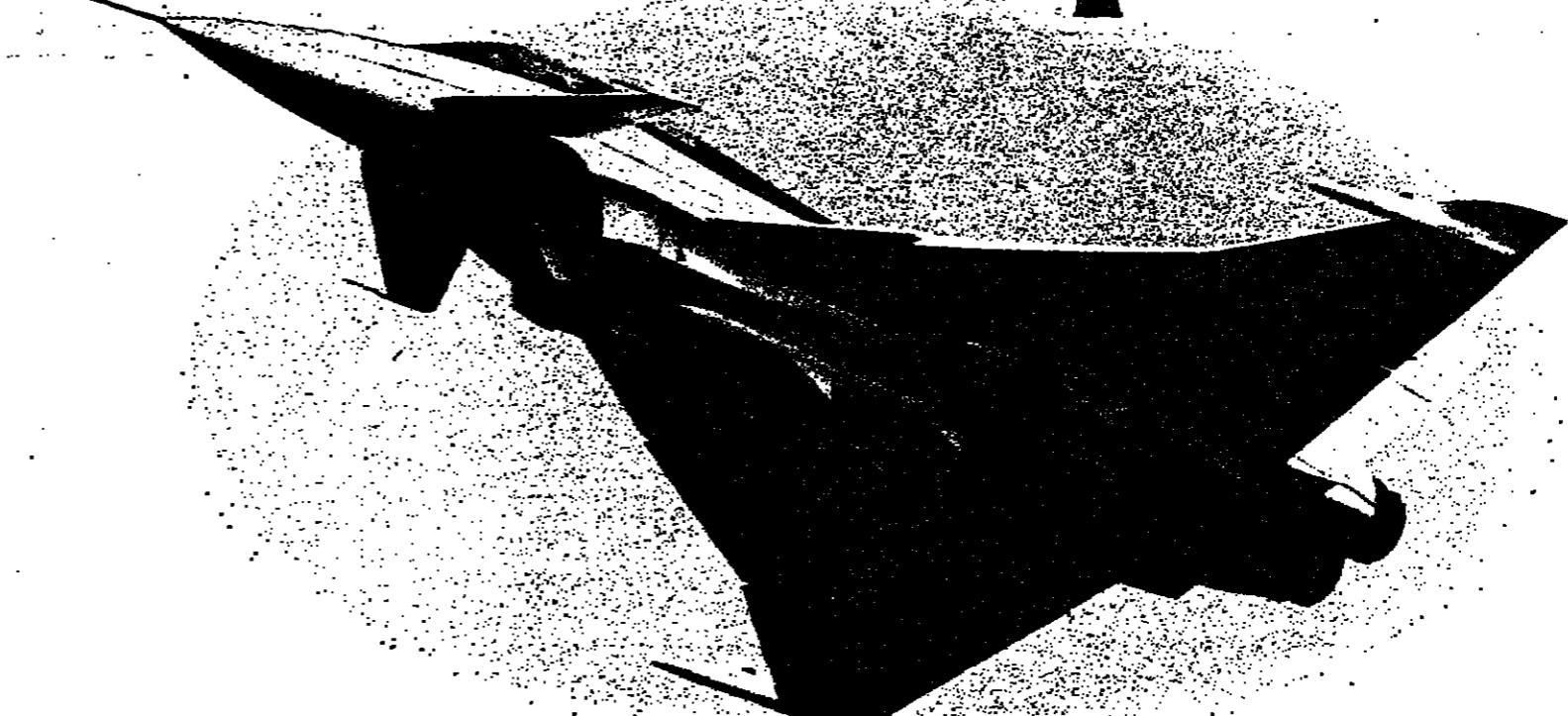
have to be paid to the original owners of the banks, an unlikely collection of three institutions and one family that reflects Israel's various funding streams.

These are the 19th-century Jewish Colonial Trust, which has 75 per cent of Bank Leumi, Israel's voting shares; Hevrat HaOvdim, the holding company of the Histadrut labour movement, owners of Bank Hapoalim; the World Mizrachi Association, the instrument through which religious Jews control the

arrangement with the owners in the near future.

The four original owners are themselves divided in their tactics, having little in common apart from a desire to remain in the saddle once the lengthy share redemption has been concluded in October 1991. The Recanatis are anxious to regain control of their bank before the end of next month but the Histadrut is believed to be ready to cede part of its 50 per cent control of Hapoalim, Israel's largest bank, if the terms are right.

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UBS disposes of stockbroking for private clients

By Richard Waters

UNION Bank of Switzerland, owner of stockbroking firm Phillips & Drew, yesterday became the latest financial institution to dispose of its UK private client stockbroking business.

UBS has written to most of its 6,000 personal clients advising them of its move, and informing them that Capel-Cure Myers Asset Management has offered to provide an alternative service.

Eighteen directors and staff out of the 120 employed in Phillips & Drew's private client business are transferring to Capel-Cure Myers. Between 30 and 40 staff from the P&D private client department will be made redundant.

The two sides said no money had changing hands in the deal and that all clients would be offered the chance of transferring to Capel-Cure Myers.

UBS has already transferred the 2,000 clients of its only share service to Henry Cooke Lumsden, a Manchester firm.

UBS joins ANZ bank and Shearson Lehman which have made similar disposals this year. Security Pacific, owner of stockbroker Hoare Govett, is planning a similar move.

The abandonment of personal clients by the City's oldest stockbroking names is a mark of the different strategic objectives of their new mas-

ters. UBS said yesterday that its ambition is to be a wholesale bank outside Switzerland, and that mainstream personal stockbroking does not fit into this plan.

However, a spokesman for the bank stressed that it intends to retain a niche in private banking — the provision of portfolio advice and banking services to wealthy individuals. It has written to a number of its private clients informing them that their accounts have been transferred to the bank's London branch. UBS and Capel-Cure Myers denied that the bank was seeking to retain its profitable private clients while passing the rest.

These employees were not being made redundant or moving to Capel-Cure Myers have been placed in the private banking division; in the P&D charities and trust fund division, formerly a part of the private client unit which has been retained by UBS; and in other unrelated areas.

The City brokers' loss of interest in private clients has led to considerable advances for other firms. Smith & Williamson, a London-based accountancy firm, reports that its number of investment management clients has risen by 25 per cent to 1,500 in the past year. Many of these were former clients of stockbrokers.

BP London staff to transfer to Glasgow

By Maurice Samuelson

HUNDREDS of professional, managerial and technical staff in British Petroleum's exploration division are to be transferred from London to Glasgow.

Between 400 and 500 employees will start moving next month to the Glasgow offices of Britoil, the Scottish-based exploration company acquired by BP in February.

The move, which will take a year, follows commitments given by BP to the Government during tough negotiations over its controversial bid for Britoil.

In a letter to the Treasury dated February 23, BP said: "As a minimum, between 50 and 75 senior BP executives and other highly-qualified technical and graduate staff will move to Scotland."

The move will double the Glasgow staff to 1,200 from 600, with 180 jobs being created in the area.

During the acquisition BP undertook to make Britoil's Glasgow office the headquarters of the management of the combined BP and Britoil UK oil and gas exploration and production operations as well as BP's Norwegian and Irish interests.

Mr John Saint, chief execu-

tive of Britoil and of BP Petroleum Development (NW Europe), said yesterday: "The organisation which will enable these assets to be managed and developed effectively from Glasgow is now being put into place and these moves come as part of this process."

Glasgow is to be our long-term headquarters. Our presence in the city is therefore not a temporary arrangement to be reversed in a few years' time."

Mr Robin Duthie, chairman of the Scottish Development Agency, who became Britoil's chairman in April, said the move "clearly shows BP's intention to fulfil its commitment to Glasgow and ensure that it will become a major centre for the company."

Staff moving to Glasgow will be involved mainly in the commercial, exploration and engineering sections.

The oil company Amoco UK is restructuring its operations to concentrate petroleum engineering and drilling staff in London. About 40 staff will be moved from Aberdeen and about 30 from Great Yarmouth. The company said the moves were not a retrenchment and that it remained committed to the North Sea.

Investment adviser freed from custody

By Richard Tomkins, Midlands Correspondent

A BIRMINGHAM investment adviser accused of stealing money from his clients was yesterday freed on bail following a successful appeal against an earlier decision by Birmingham's magistrate court to remand him in custody.

Mr John Charles Miles, 51, proprietor of Jonathon Charles Investment Management Services, of Hagley Road, Birmingham, faces three charges of stealing a total of £20,000 from his clients.

His application for bail was refused by his magistrate last week but he successfully appealed to Birmingham Crown Court on Thursday and yesterday remained at large.

The surety has been set at £40,000 and Mr Miles, said to be of no fixed address, will be required to live at the house of a friend. His passport has been surrendered and he will have to report to police twice a week.

Meanwhile Pest Marwick McLintock, the accountancy firm appointed by the Securities and Investments Board to investigate Mr Miles's business, is still trying to trace his assets, which total £200,000 invested in the company by clients.

Pest Marwick has so far traced about 300 clients, most of them elderly people who invested £100s of thousands of pounds each in Jonathon Charles.

Any clients who lose money invested in Jonathon Charles will have no claim on the compensation fund set up last month under the Financial Services Act because the company had been given only interim authorisation under the act.

Black Section policy document published

THE Labour Party's unofficial Black Section movement, which has been campaigning for a separate section within the party to represent the interests of black Labour voters, yesterday launched "The Black Agenda," its main policy document designed to feed into the Labour Party's current policy review.

The document includes sections on education, inner cities, immigration and employment.

With effect from 1st September 1988, the following interest rates will apply for existing endowment/pension loans:

FOR HOUSE PURCHASE 12.75% APR 13.5%

FOR REFINANCING 13.25% APR 14.1%

For repayment loans add 1/4% to these rates.

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Barlow Clowes investors seek cash

By Richard Waters

LIQUIDATORS of Barlow Clowes Gilt Managers, the UK arm of the collapsed investment management firm, yesterday began the legal process which is expected to lead to the repayment of a large proportion of investors' money.

Mr Urquhart was attracted to the rural south-west of England by the "quality of life." Helped by regional development grants, he moved his company John Ross (Chemicals) to Bude in the mid-1970s.

At a 10-minute hearing yesterday afternoon the High Court gave permission for 10 BCGM investors to stand as representatives of all 6,100 when application is made to the court next month for repayment to the rest.

These employees were not being made redundant or moving to Capel-Cure Myers have been placed in the private banking division; in the P&D charities and trust fund division, formerly a part of the private client unit which has been retained by UBS; and in other unrelated areas.

The City brokers' loss of interest in private clients has led to considerable advances for other firms. Smith & Williamson, a London-based accountancy firm, reports that its number of investment management clients has risen by 25 per cent to 1,500 in the past year. Many of these were former clients of stockbrokers.

Dreams and schemes grow in south-west

Hazel Duffy looks at three entrepreneurs laying the foundations of a region's future

W HILE holidaymakers brave the surf on the beaches of Bude in north Cornwall, half a mile away Mr John Urquhart wrestles with problems of exchange rates and gas supplies to his new chemicals plant.

Mr Urquhart was attracted to the rural south-west of England by the "quality of life." Helped by regional development grants, he moved his company John Ross (Chemicals) to Bude in the mid-1970s.

Mr Peter de Savary also loves Cornwall. He dreams and schemes to put Falmouth on the international yachting circuit. He wants to change Cornwall for the better, as he sees it, by making it more accessible, and providing quality hotel accommodation, housing and leisure facilities. But he knows that he also has to preserve the uniqueness of the county.

Inevitably, there are tensions between those who want to keep things as they are and those who want to develop and campaign for better roads, more housing, and industry.

The two need not always be in conflict, however. The farming Quicke family have increased and upgraded production from their south Devon land which the holiday-makers view with satisfaction from the windows of their cars.

Devon and Cornwall, with a population of nearly 1.5m, are frequently lumped together as a sub-region with similar characteristics. But in many respects they are different. Cornwall relies heavily on traditional industries for its jobs, while Devon is more diverse. The links are in tourism, agriculture and the industrial city of Plymouth.

Mr Urquhart, Mr de Savary and the Quicke family have each identified growth opportunities in the economic changes created by Thatcherism. They have in common an entrepreneurial attitude which many believe could represent the future for the two counties.

Mr Urquhart's company produces fine chemicals, based mostly on iodine bought from Japan. About 85 per cent of production is exported.

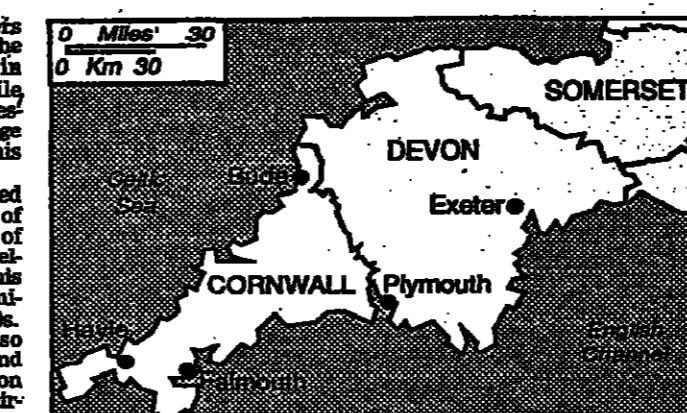
With sharply rising turnover for the past three years, it is typical of the sort of company on which the Government is pinning its hopes for industrial growth. It is also a type of company which is in desperately short supply in Cornwall, a county which shows few signs of developing a stronger economic base since the recession.

It continues to cling to tourism, hoping to arrest the decline of about 25 per cent in the number of visitors over the past few years.

Some of Mrs Thatcher's promises to make things easier for small businesses have yet to filter down to north Cornwall.

It has taken Mr Urquhart two years to sort out all the problems posed by moving

from the current plant to a big



ger, leased site on the same

site. Various restrictions in the lease had to be ironed out legally. Gas supplies to the new plant, where building work starts next month, have been secured at last but only at the expense of the existing plant. Meanwhile, the 15-strong workforce works seven days a week, 14 hours a day, to meet demand using the current plant. Loyalty among employees is strong, however, and people wanting to move to the area often write asking for jobs.

Mr Peter de Savary pursues a more aggressive route to realising what he believes is the untapped potential of Cornwall. In the past few months, he has swept local councils off their feet with the rapidity of multi-million pound deals concluded by his group of compa-

nies.

Some locals see him as a

much-needed provider of jobs, although they are worried that the attention he has drawn to parts of the county is pushing

up house prices to levels that

they cannot afford. Council officials, impressed by his plans and encouraged by the leisure development which has turned Land's End from one of the nation's spotters to something more appropriate to its natural attractions, wait in awe and admiration for the next move. So far Mr de Savary has secured planning consent without much difficulty.

Mr de Savary has also aroused fears that he will wreck the special quality of those areas which have attracted wealthy businessmen to live there. Their work, however, is more likely to be in London than in Cornwall. Some of these tensions surface among the shareholders in the elegant but faded Falmouth Hotel. They are responding recently in rejecting Mr de Savary's takeover approach.

Mr Martin Lock, retained by Mr de Savary to advise on property in Cornwall, is more inclined to listen to less advantaged locals. The need for districts to designate more land for housing has become a political issue.

Mr Lock plans to help by recommending that a small part of the massive site planned for a leisure complex in Hayle — to which he is negotiating to add another 150 acres — be made over to starter homes. At the other end of the scale, over in Falmouth marina, now under construction, residential units will sell from £100,000 to £250,000. Mr de Savary is not likely to sit back until he has a luxury hotel which matches the spending power of the new marina residents.

Negotiations are well under way for more land for business and industrial production on the Quicke scale. Some locals see him as a

much-needed provider of jobs, although they are worried that the attention he has drawn to parts of the county is pushing

up house prices to levels that

are needed. But the important

thing, said Mr Lock, is that "we are taking advantage of the few finest remaining sites in Cornwall" — and sites which, like Hayle, were sometimes even not up for sale.

In contrast to the newly-arrived Mr de Savary, the Quicke family have been farming the same land to the north west of Exeter, in Devon, for over 400 years. J. G. Quicke & Partners, farming 1,750 acres, is now, however, a business which has responded to the changes in the Common Agricultural Policy by adding value to traditional farm products.

In its own way, the business is as much a development of the Thatcher economy as the distinctly different entrepreneurial qualities of Mr Urquhart and Mr de Savary.

"I do not farm for the way of life but because it is a business," said Ms. Mary Quicke, Sir John Quicke's daughter.

The business is about to launch a new cheese, single Gloucester.

The family pulled out of its sales agreement with the Milk Marketing Board in 1980 in order to get closer to its customers. Money was borrowed to finance the building of a store, and deals have been struck since with 20 wholesale and supermarket groups.

Quality ice cream, using milk and cream from the farms, and egg yolks supplied from surrounding farmers, has been added to the range. The acreage devoted to arable crops has been expanded, and outdoor sows provide pork described as "tasty" for supermarkets.

For the average-sized Devon farmer, diversification into labour intensive food production on the Quicke scale is not always feasible. But the opportunities are there in this idyllic part of Britain, and, some at least, are exploiting them.

Airfield expects private planes this year

By Michael Donne, Aerospace Correspondent

THE FIRST private business aircraft are expected to be used by the Ministry of Defence at the Royal Aerospace Establishment at Farnborough, Hampshire, before the end of the year.

Plans for the development of a new general aviation facility and business park on a 50-acre site on part of the RAF's land are being pushed ahead rapidly. Legal agreements with the local planning authorities are expected to be signed this autumn. Outline planning approvals have been

granted for the development of a new general aviation facility and business park on a 50-acre site on part of the RAF's land and include a new 20,000 sq ft air terminal building to replace the temporary terminal now being built, new hangars and operational support port workshops.

The aviation activities will be run by a subsidiary of the FADC, Carroll Aircraft Corporation.

The overall development of the site is expected eventually to cost up to £125m and is being undertaken by Carroll Group, the property developer,

through a new wholly-owned subsidiary, the Farnborough Aerospace Development Corporation (FADC). The cash will be provided from Carroll Group's own resources.

The first phase of the aviation development, spread over five years, will account for about £30m and include a new 20,000 sq ft air terminal building to replace the temporary terminal now being built, new hangars and operational support port workshops.

The building will be designed to meet the widest occupier requirements, including research and development, manufacturing, and training and headquarters offices, with particular emphasis on companies likely to benefit from being close to the Royal Aerospace Establishment and its associated National Gas Turbine Establishment.

Mr Ivor Broom, chairman of

House starts continue to show substantial growth

By Ralph Atkins, Economic Staff

HOUSE-BUILDING activity continued to grow strongly in July with few signs of a slowdown, according to Department of Environment figures released yesterday.

Provisional estimates show building work started on 22,300 dwellings — compared with 20,600 in July last year. Completions totalled 19,500 against

July last year.

The July figure for starts was lower than the June figure, but the department said monthly figures tend to move erratically.

In the three months May to July, total starts were 1 per cent higher than in the previous three months, after seasonal adjustment. Compared with the same period a year before, starts were 14 per cent higher.

The three-month figures sug-

gest the rate of growth may have slipped slightly from exceptional levels at the start of the year. However, growth remained strong — highlighting the buoyancy of the construction sector.

The figures cover a period in which the Government engineered a steep rise in interest rates.

However, there is likely to be a long lag before higher interest rates start to affect building programmes. The latest figures reflect strong demand for houses in the past year.

They show that growth in housebuilding activity continues to be concentrated in the private sector

UK NEWS

Chase to cease money clearing deals in London

By David Lascell, Banking Editor

CHASE MANHATTAN, one of the two US banks which clear transactions in the London-based international money markets, is to shut down its operations in this field next month.

It will transfer its business to First Chicago, the other bank which has specialised in clearing deals made between banks and large corporations in investments such as certificates of deposit (CDs).

Chase said that it could no longer operate the service without raising charges to unacceptable levels.

It will continue to clear deals in UK equities and gilt-edged stocks.

There will be no redundancies as a result of the closure. Staff will be transferred to other parts of the bank.

Mr David Bille, service products manager, said: "With this year's relatively flat trading in CDs and the withdrawal of certain major investment clients from the business, we felt the market couldn't support two major clearers."

Chase is writing to its customers to tell them about the new arrangements.

It will receive a fee from First Chicago for its co-operation in transferring the business.

The combination of the two operations puts First Chicago in a strong position to dominate the London inter-bank clearing business, although the major part of its activity remains in non-sterling currencies.

Last month an initiative by the UK banks to set up their own automated clearing system, LondonClear, collapsed when it failed to agree on funding.

This has opened the field to new initiatives.

Mr Trevor Thompson, the manager of First Chicago's clearing centre, said yesterday that he saw the failure of the LondonClear project as presenting "a major business opportunity" for his bank to service the short-term sterling market.

First Chicago has 350 customers for its clearing services.

The merger with Chase's operations is likely to add about 150.

Cable group appeals for influence in new TV body

By Raymond Snoddy

THE CABLE television industry yesterday appealed to the Government to protect its interests in plans to set up an authority to regulate all UK commercial television.

Mr Nicolas Mellersh, director of the Cable Television Association, yesterday told Mr Tim Renton, Home Office minister responsible for broadcasting, of fears that cable would be submerged by ITV in a new commercial television authority.

Earlier this year, the Commons Home Affairs Committee advocated the setting up of such an authority to replace the Independent Broadcasting Authority and most of the functions of the Cable Authority, the body which regulates the cable television industry. The body would be responsible for all commercial television, irrespective of how it was dis-

tributed.

On July 26 a Cabinet committee chaired by Mrs Thatcher, the Prime Minister, endorsed the proposal and decided to include it in a white paper on broadcasting scheduled for publication in November.

Mr Mellersh said yesterday:

"We would prefer a separate cable and satellite authority, but if there is to be one body then the present light regulation of cable should be extended to ITV and cable promotion as a telecommunications medium in the national interest."

Mr Mellersh wants to see at least two members of any new authority given the task of promoting cable television and asked that its deputy director-general should be exclusively concerned with regulating cable.

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A CEGB representative said other contracts, including building the offshore installation, are being negotiated.

The test drilling will enable engineers to finalise the design of the underwater structure. A study is also under way into the best way of bringing power cables from the turbine to the shore.

Offshore wind turbine to be sited off Norfolk coast

By David Green

A SITE for the world's first offshore wind turbine has been chosen three miles off the coast near Wells-next-the-Sea in Norfolk.

Test drilling into the seabed is expected to start in the spring as part of the detailed survey work for the turbine. Electricity generation is due to start in the early 1990s.

The project, costing £2m, is being financed by the Central Electricity Generating Board, the Eastern Electricity Board, the Department of Energy and

the EC.

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By David Green

Engineers sign deal tying pay to inflation

By Our Labour Editor

LEADERS of the AEU engineering union have signed a radical single-union, strike-free agreement which completely discards annual pay negotiations in favour of inflation-linked increases.

The AEU's deal with Nacanco, a subsidiary of the American National Can company, covers a 240m canning feeder plant at Wakefield, West Yorkshire, for Coca-Cola's 260m bottling plant next door, with which the AEU already has a single-union deal.

Nacanco's deal with the AEU may get drawn into the row between the union and the TGWU transport workers over the Coca-Cola agreement.

The 200 employees at the feeder plant will receive increases in line with retail price inflation, plus one per cent. Only if inflation is in double figures would there be any pay talks.

The agreement also provides for disputes to be resolved by compulsory arbitration.

This may be one of the last instances of a TUC union agreeing to compulsory arbitration before it is effectively outlawed from next month by next week's TUC Congress in Bournemouth.

Arbitration at Nacanco would be handled by a three-man team - one management, one union and one independent. Both the company and the AEU acknowledge that it is in effect a strike-free deal.

Mr Martin Clegg, Nacanco's managing director, said the deal was a "unique agreement" in British industrial relations. He said perpetual renegotiation of pay agreements wasted a considerable amount of both management and union time.

Mr Bill Jordan, AEU president, said the deal was a "revolutionary agreement" which would provide a pattern for single-union deals to follow.

Mr Jordan also insisted the AEU would not give up its Coca-Cola deal, regardless of the TGWU's complaint to the TUC about it.

TGWU leaders opposing the deal are likely to interpret this as a direct, pre-emptive challenge to the TUC's Bridlington inter-union disputes awards.

The 700 were among those sacked by P&O for refusing to

AEU compromise 'could avert EETPU expulsion'

By Philip Bassett, Labour Editor

COMPROMISE proposals aimed at preventing the EETPU electricians' union from being expelled from the TUC next week have been drawn up by leaders of the electricians' principal ally, the AEU engineering union.

The move, led by Mr Bill Jordan, AEU president, is the first real indication that expulsion of the EETPU for refusing to accept two TUC disputes committee awards might still be averted, in favour of an extension of the electricians' current

Mr Jordan is suggesting that the EETPU should accept the two disputes committee awards and then meet the TGWU, the complaining union, to resolve the problems informally.

If necessary the EETPU would give formal notice of withdrawal from the two agreements concerned, with Orion Electric and Christian Salvesen, while a deal is reached.

It emerged yesterday that Mr Hammond and Mr Todd have already had a private meeting with Mr Norman Willis, TUC general secretary, and Mr Ron Todd, general secretary of

the TGWU transport union - the EETPU's main opponent. While EETPU leaders indicated last night that they did not think Mr Jordan's proposals would be enough to avert expulsion, they would consider them carefully.

A EETPU leader said: "Anything is a hope - no matter how slender it is."

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FINANCIAL TIMES

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Saturday September 3 1988

Justifying Irish policy

THE BRITISH summer, such as it was, has been dominated by the news from and about Northern Ireland, and it cannot be said that either the British or the Irish Government have come out very well. Indeed if anyone has gained momentum, it has been the Provisional IRA with its renewed capacity to mount surprise attacks on a widening range of targets. Only in the last few days have the British authorities seemed to strike back with the killing of three armed IRA members.

Yet here political questions begin again and they will continue next week when the coroner's inquest opens in Gibraltar into the shooting of IRA suspects on the Rock earlier this year. What precisely is British policy towards Northern Ireland? Not only do the political aims remain obscure, there are also some doubts about security policy. In particular, what are the present rules of engagement?

That conditions in Northern Ireland are different from those in the rest of the United Kingdom there can be little dispute. The fact that the IRA shoots and bombs to kill has never been denied by anyone. It is therefore a reasonable assumption that the IRA cannot be dealt with only by an unarmed police force and the due processes of law. Some special measures must be acceptable.

Attitudes to internment

An illustration of the way the climate of opinion has changed on the subject comes in attitudes towards internment, which has been much discussed in the last few weeks. Very few people now argue that internment would be wrong in principle. On the contrary, if the detention without trial of a few hundred IRA members could stop the killings and restore order, there would be a great deal to be said for it. The argument against it is on entirely practical grounds: there can be no realistic guarantee that it would do any such thing.

It remains a big leap, however, to move from the acceptance of the necessity of special measures to giving a blank cheque to special measures of any kind, especially if they are unexplained. For instance, not even the most gung-ho brigade has yet suggested that the IRA Godfathers - the people who do the planning, but will not be involved in active combat - should be shot on sight.

Clearly there are grey areas in which the security forces must be allowed a licence that would not be available in normal circumstances, but also boundaries which they should not cross. For if the security

forces come to be perceived as terrorists fighting terrorists, the British Government's case is that it is simply trying to restore law and order begins to fall. Certainly that is how it would be seen among that section of the community in both parts of Ireland that has still not quite made up its mind about the IRA. It would not look too good abroad and it would be challenged at home.

The Government has been particularly reluctant to explain what the rules of conduct are. As a consequence, it is in danger of not coming very well out of the propaganda war that so much of the Irish conflict is about. "Shoot to kill" is a most unfortunate phrase to be satisfied with, for it can easily be misinterpreted.

In fact, it seems to be a limited policy. Yet it would be helpful to the British cause if the Government could spell out more exactly what it is. A clear statement could strengthen bipartisan support across the political spectrum.

Unfortunate impression

Possibly, but not solely, because parliament has been sitting, there is also an impression that Northern Ireland policy is being conducted almost entirely by the Prime Minister himself, Mr Tom King. That again is unfortunate. It suggests that no wider review of the options is taking place and although Mrs Thatcher has always had a tendency to behave like that, she could come to regret it if she gets the security decisions wrong.

There is a conspicuous absence too, of a wider dialogue. Without the mainly Catholic SDLP in Northern Ireland, a party which is against violence, the situation would be even worse than it is. Yet not much is heard about the British Government talking to Mr John Hume, leader of the SDLP - while some in that party tend too quickly to assume the worst about British actions. Nothing at all is heard about direct talks with the Irish Prime Minister, Mr Charles Haughey, who may himself have something to answer for. The estrangement between the British and Irish leaders indeed amounts to a kind of parody of the inter-communal problems that they say they are trying to resolve.

It looks, in short, as if Mrs Thatcher is trying to tough it out. The phrase comes from ex-President Nixon and refusal to explain what he was doing did him no good at all. The Prime Minister needs now to take people with her.

MAN IN THE NEWS

Augusto Pinochet

Dictator who wants approval from the voters

By Robert Graham



He will have another 18 months in office.

Well-wishers who attempted to dissuade him from standing have come away with an impression of his abiding sense of mission. Here is a man who believes that he helped save the nation by overthrowing the Allende Government and ending Chile's experiment in populism socialism in 1973. Since then he has cast himself as a national saviour, rebuilding Chile's pride and a shattered economy. According to Gen Pinochet, the task is incomplete. He sees the political parties still tainted by the Allende experience, and requiring the guiding hand of a Leader to be educated in responsible democracy. Only another decade of Pinochetismo can achieve this,

by which time Chile will have wracked itself permanently out of under-development.

This concept of a "disciplined" society whose prosperity and progress is founded on order contains strong echoes of Franco's Spain. Indeed, there are several striking parallels between Pinochet and the Spanish *Generalissimo*. Both were born of modest families in port towns and both were reluctant, indeed accidental leaders. They came to power in chaotic economic conditions and polarised ideological climates still tainted by the Allende experience, and requiring a perceived communist threat.

Pinochet was born in Valparaíso in 1915, the eldest of six children of a dock clerk. He is the descendant of an 18th century Breton immigrant. His parents wanted him to be a doctor but he opted for a military career. There was some doubt about whether he was physically up to entry into the military academy. At the time he was depicted as weedy and gangling; subsequently he has been obsessive about his physique and even now he is a dedicated gymnast.

As a soldier he was more at home in staff jobs. He briefly served as military attaché in Washington and was seconded to lecture at the Ecuadorian army staff college. He has found time to write about geopolitics and produced a comprehensive history of the 1973 Pacific War with Peru.

When promoted under

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When promoted under

Michael Thompson-Noel warns of a difficult Olympics for British athletes

At Seoul, no fiery chariots



country struck oil - there was no infrastructure to deal with this suddenly valuable wealth.

"Gushing" is right. Much of the money is channelled via Alan Pascoe Associates (APA), run by the eponymous Alan Pascoe, formerly a *taxi-fighter*, now a mover and a shaker in Glitter Street (the marketing services business). In the current season APA will charge a net £1.7m-£1.8m for British athletics from sponsors like Dairy Crest, Kodak, Pearl Assurance and McVities. APA says that initially it guaranteed to produce £1m over the five years to 1990; in the event it hopes to triple that.

This is in addition to money for the TV rights, or to the flood of promotional and endorsement money that has made millions of men like Coe and Daley Thompson. Some sponsors have already extended their commitment to UK athletics through to 1992, the year of the Barcelona summer Olympics.

Ms Jenny Bradley, head of communications at Dairy Crest, says that her company will spend £2.5m on athletics over the next four years. "To us that's a lot of money, but we are delighted with athletics. Our own research has shown that our visibility has gone up dramatically as a result of our involvement." Were there no negatives? "Well, at the moment there is a lot of negative publicity over the organisation of the sport."

Although claims about drug-taking are rife (Britain's top pole vaulter, Jeff Gutteridge, was recently banned for life for allegedly taking anabolic steroids), athletics continues to make headway in the charts.

Last year athletics accounted for 153 hours of UK TV coverage, ranking it eighth behind cricket, snooker, horse racing, bowls, golf, soccer and tennis.

What is true is that the administration of British athletics is in a state of flux. The new and exceptionally gifted middle-distance runners, Sebastian Coe, Steve Ovett and Steve Cram, by a broody and charismatic decathlon star, Daley Thompson, by a couple of jolly, muscular javelin throwers, Roger Whittaker and Tessa Sanderson, and by the erstwhile gatherer of a box office hit film, *Chariots of Fire*.

At the 1980 and 1984 Olympic Games, Coe, Ovett and Cram won no fewer than seven of the 12 medals on offer in the men's 800 and 1,500 metres. Thompson won the decathlon gold medal in 1980 and 1984 and Sanderson the javelin gold in 1984. In turn, the Javelins of Fire set the silver screen ablaze by contrasting the snooty amateurism and derring-do of the 1920s with the neo-professionalism of Harold Abrahams, Britain's winner of the 100 metres gold medal at the Paris Olympics in 1924.

Given all this exposure and media, plus a swag of medals and world records, it is little wonder that the new pageant - the sponsors, marketing men and TV moguls - fell upon UK athletics with whoops of glee and open cheque books.

They discovered that athletics was fun, and family-oriented - a million miles removed from something as sterile and brutalised as English soccer, or as foppish and incompetent as English cricket. They discovered that athletics was glamorous and competitive - man against man in primal confrontation and that athletes were young and wholesome and goody-goody (well, most of them, at least not drug-crazed, or unionised, or updyke). This is good for the ratings and for brand recognition. So the money poured in.

But as they make their way into the Olympic city of Seoul, through the armed guards, the ramshackle suburbs, over the Han River and into the sanctuary of the Olympic Village, Britain's athletics squad will be under no illusions.

These Games will be hard. For the first time since Munich in 1972, the Olympics will be packing in a full house, unaffected by boycott or walk-out.

As a result, Britain's athletes will be plunged into the fire of the most scorchingly competitive track and field meeting ever staged. They will be bounded by the superpowers, jostled by the robots of East Germany and hustled by the fast men of Africa. Medals will be desperately hard to come by. Britain may not do well - may, indeed, do badly.

Negotiations are continuing. As the BAAB itself admits in its glossy Olympic souvenir magazine, "The importance of forming a federation cannot be underestimated. Failure will mean that the sport will go meaner in the future."

As the BAAB itself admits in its glossy Olympic souvenir magazine, "The importance of forming a federation cannot be underestimated. Failure will mean that the sport will go meaner in the future."

His identification with the "Chicago Boys" experiment in free market economics also seems to have been a product of circumstances. The business community, among whom were a number of monetarists, backed the coup and he took on board their ideas. They appealed to him because they were the antithesis of socialism and Marxism, which he considered so ruinous to Chile, and because they offered the chance to break the power of the trade unions. His subsequent endorsement of privatisation, destroying the power of socialist state interventionism, and the establishment of worker share ownership is consistent with this.

Apart from the highly public attempt on his life in 1986, when he survived a car attack on his motorcade, there has been at least one other scrap with assassins. But these attempts to dislodge him and his escape have merely strengthened his own sense of mission. In this he is encouraged by the formidable presence of his wife, Doña Lucia, credited to be one of the few people who influence him.

However, leaders with a sense of mission have nearly all suffered from the hubris that only they can accomplish the mission. The results of the October plebiscite will determine whether Pinochet is to be tripped by this flaw.

THE DISCERNING PERSON'S GUIDE TO LONDON

THE PERFUMER

English flower perfume makers?

There's only Juan.

"He who frequents the perfumer's shop and lingers even a short time will carry with him the scent of the place," wrote Seneca in AD 66.

The perfume must have gone to his head, for surely this was a futuristic dream of Floris, 89 Jermyn Street, SW1.

Established in 1730 by a young Spaniard, Juan Famenia Floris, the secrets of providing English flower perfumes to douse the smells of the English Unwashed are still continued 200 years later by the eighth generation.

The unhurried and courteous atmosphere of the old-fashioned shop still pervades.

As indeed does the atmosphere of Le Méridien Hotel in Piccadilly.

The very essence of luxury and refinement. There are no airs and graces, no gracious air.

Linger a short time, breathe it all in. A stay here makes scents.

Le MERIDIEN HOTEL

PICCADILLY

21 PICCADILLY, LONDON W1Y 0BB TEL: 01-734 8000. TRAVEL COMPANION OF AIR FRANCE.

For the past decade and a half general elections in Singapore have not stirred the political blood or injected much adrenalin into the veins of the prosperous island nation. They have been seen as an almost ritual reaffirmation of Prime Minister Lee Kuan Yew and his People's Action Party, while underlining the paucity of the opposition and its incapacity to offer a credible alternative.

The theory of democracy is still practised in Singapore but its practical application is inevitably diminished in a parliament where government propositions were never subjected to detailed or critical examination. Mr Lee and his party like it that way, believe that as "honourable Confucian gentlemen" they are doing their best for Singapore, and see no reason for anything to change.

There is some reason to believe, however, that it might change after today's election, but the evidence is flimsy and the possible shift of direction only marginal by Western standards. Even if a shift does occur it will owe more to the unpopularity of Mr Lee's style of government than to the substance of the opposition.

From 1968 to 1984 Mr Lee's electoral candidates swept the board. Then in December 1984 the opposition for the first time squeezed two MPs into parliament, while the PAP's share of the popular vote fell by over 12 per cent. The shock was colossal in the Singapore context and an infuriated Mr Lee questioned whether the public deserved the vote if they could not, in his view, exercise it more responsibly.

The PAP is anxious in today's general election to recover at least some of those lost votes. On paper its chances look excellent. The economy has bounced back from the 1985 recession and should grow by at least 9 per cent this year. There is virtually full employment, wage controls are being relaxed and foreign investment continues to flow in.

In terms of funds and organisation the PAP is incomparably better equipped than the still small opposition parties and enjoys the unblinking endorsement of the local media which at times give the impression of being little more than the publicity arm of the ruling party.

Even so, the opposition – essentially the Workers Party headed by veteran politician J.B. Jeyaratnam and the Social Democrats led by Mr Chiam See Tong, now the lone non-government MP – are beginning to believe they could spring a surprise. They are



Roger Matthews assesses the situation in Singapore which goes to the polls today

Waiting for the wrath of Mr Lee

fielding their largest ever number of candidates and attendance at their mighty rallies has often been three to four times larger and many times more enthusiastic than that of the PAP.

The marked difference of mood between the opposition and government rallies owes much to Mr Francis Seow, the former Solicitor General, in whom the Workers Party has discovered the cult figure of the campaign. Mr Seow was recently released from detention under the controversial Internal Security Act, a throwback from British colonial rule, which allows for indefinite imprisonment without trial. He had been held for 72 days and accused of collaborating with an American diplomat who was told to leave Singapore amid bitter Government accusations of US interference in the country's domestic affairs.

Mr Seow, who was subsequently charged with evading income tax, was released from jail without any charges against him, but on condition that he did not meet any foreign diplomats and did not leave the country without official permission. His arrival at

opposition rallies is being greeted with roars of approval and his speeches punctuated by bursts of applause. Mr Seow, who has alleged that during the first three days of his imprisonment he was forced to stand for as long as 15 hours at a time while his interrogators shouted abuse at him, says he has been surprised by the warmth of the public reception.

Although he does not refer to his experiences in jail during his campaign speeches, his presence on an opposition platform highlights the main thrust of the attack on the Government: that it has become authoritarian, repressive and intolerant of dissenting views.

The Government's latest and most significant constitutional proposal for an elected President with powers to veto the spending of the country's substantial foreign reserves and the appointment of senior civil servants, is being presented as a further evidence of that trend. According to the opposition, the only way to check the drift towards an institutionalised one-party, one-man rule is to deny the PAP the two-thirds

majority needed to push through constitutional changes.

Mr Lee's role in the campaign is causing some bewilderment even in the ranks of the PAP. He has insisted that the voters' verdict will not be on his performance as Prime Minister but on that of the younger generation of ministers headed by his designated successor Mr Goh Chuk Tong. First Deputy Prime Minister.

Although the campaign is nominally under the control of Mr Goh, Mr Lee has chosen to make a series of public comments which appear unlikely to enhance the electoral prospects of his successors. During the past fortnight Mr Lee revealed that Mr Goh was not his first choice as the next Prime Minister because he was not tough enough. He said he had urged Mr Goh to change his style and perhaps seek the aid of a psychiatrist. Mr Goh said subsequently that the Prime Minister meant to say a psychologist, adding that, in fact, he had been going to a speech therapist.

The Prime Minister has also chosen to make critical public assessments of other senior

ministers, ruling out one for highest office because his English was not fluent enough and another because he thought Singapore was not ready for a Prime Minister of Indian origin, a remark which has not endeared him to that community.

Despite their embarrassment, ministers have attempted to pass off such public judgments as evidence of the Prime Minister's known fondness for bluntness and suggested that Opposition candidates should be put under similar scrutiny. This may explain the lurid pamphlets which have been circulated by the PAP offering details of Mr Seow's private life.

The only public opinion poll to be published offers little guidance to what voters are thinking as 80 per cent of them are still to state which issue they thought most important. Their confusion can only have been heightened yesterday by Mr Lee's assertion that he was willing to campaign in a referendum on the issue of whether there should be an elected President but would not stand for the job himself. Until then the PAP had ruled out a referendum and it had been widely assumed Mr Lee, who is 65 this month, would sooner or later be promoted to the presidency.

So much concentration on personalities has tended to divert attention from the PAP slogan of "More good years" and its emphasis on the proven administrative capacity of its candidates. This, they say, is more than ever relevant because, under another recent constitutional change, Singapore's housing estates will increasingly be managed by their local MPs.

For the first time in this election just under half the candidates will be running in groups of three, with the merged constituencies forming the basis of what is officially described as a town council.

Although the campaign is brief nine-day campaign, a substantial PAP victory is certain. A triumph would be all 81 seats going to the PAP. Up to 77 seats (the same as the PAP holds in the current, slightly smaller house) and an increase in the popular vote would be regarded as just about tolerable. Much beyond that and Singapore could enter uncharted political territory, not because it would lack secure and stable government but because of the Prime Minister's likely reaction.

Should the opposition achieve the unthinkable and win 8-10 seats, while reducing the PAP share of the vote to below 60 per cent, then the wrath of Mr Lee could be a wonder to behold.

LETTERS

Trained from back to front

From Mr T.M. Barclay

Sir, Some of us may have doubts about the government's present obsession with training.

These doubts are not reduced by your report of a Training Commission official saying: "If the marketing doesn't succeed then the product doesn't succeed".

This kind of back-to-front thinking makes success unlikely, to say the least.

T.M. Barclay,
Fire Tubes,
Exeter Works,
Plymouth, Devon

Balance seems best

From Mr Chris Morton

Sir, Richard Waters outlines the refinement of strategic planning by large accountancy firms with respect to small companies (August 23).

It is also worth remembering that fewer venture capitalists now insist on the appointment of one of the "big eight" accounting firms as a condition of their investment, primarily because of large price increases made by these firms.

Many fund managers now prefer to focus on a balanced management team rather than buying in skills not already possessed. They therefore place much more emphasis on the appointment of non-executive directors – a service the auditor cannot provide.

Chris Morton,
Harrods Drift,
91 New Coventry Street, W1

Planning could simply be abolished

From Mr D.H. Thomas

Sir, John Hunt's article (August 24) on over-development of villages was very welcome. In Hatch Beauchamp, the new homes are in keeping with local architecture: not so here, nor in most villages.

Despite the "protection" of Conservation Area, Special Landscape Area, Area of Outstanding Natural Beauty, Ecological and Archaeological Interest, we have recently suffered the felling of 30 new houses

– increasing this village by one third. The standard of architecture is abysmal. There are no benefits from new jobs, services or infrastructure (we have lost our rail and petrol stations and our school). We have seen special planning conditions flouted, structure plans bypassed, contempt for aesthetic values and only the powerful risking and winning appeals. Such an arbitrary

planning system benefits no one and is open to abuse.

Because of the artificially created shortage of building land, new homes could increase with larger first homes, better materials and construction.

• Design would improve with genuine competition (at present, holders of land banks can build anything and sell it);

• Developers would know where they were, with no planning delays;

• There would be no potential for corruption;

• With house prices bearing some relation to building costs, we might even remove the distortion of mortgage interest tax relief, and increase industrial investment without reducing building work.

Would Mr Ridley not be more comfortable defending that policy?

D.H. Thomas,
The Mill House,
Wyke,
Warminster, Wiltshire

There must be life after double glazing

From Mr Martin Judge

Sir, Articles such as John Brauman's excellent one on the true social cost of preserving the countryside (August 13) are well applauded and then quickly disregarded. Preservation in the UK is a powerful lobby against even minimal change, let alone the radical alternatives he suggests.

But he provokes a even more sensitive question: is Britain, a small island nation, able to afford further increases in its economic standard of living?

It is not only the south east region of the UK which is becoming now to enjoy the benefits of recovery. My own home town of Coventry, recently languishing in the doldrums of recession, with 17 per cent unemployment and a rusting car industry, now has traffic jams extending to the suburbs, "green belt" eaten up by roads, and housing costs increasing by up to 100 per cent in a year.

What is our future when we too experience the "boom"? Are we to become like the Japanese – on paper the richest

people on earth, but because of scarcity of land and infrastructure, able only to enjoy their wealth when abroad?

Given the congestion, pollution and civil antagonism produced by the UK economic revival, we may conclude that the fall in the quality of life is directly proportional to the increase in economic product. Is all this material prosperity making life any better? Is there life after double-glazing?

Martin J. Judge,
18 Hervick Road,
Poole's Corner,
Coventry, Warwickshire

Tour operators should insure against claims from customers for holiday loss

From The Baroness Elles MBE

Sir, Travel Insurance (Weekend FT, August 26) does not always mitigate or compensate for the failure of tour operators, to provide an efficient and prompt service to their customers – or to observe their contracts as advertised in their brochures.

With several hundred other passengers at Gatwick in early August, my family and I were delayed until 7.50pm from taking a flight fixed to depart at 8.10am: a delay of 11 hours 40 minutes.

It is surely the tour operators who should be insured

against claims from customers. It is nonsense for the Association of British Travel Agents (ABTA) to state that the cost of such insurance would add enormously to the price of the package to the customer. In France, where insurance is obligatory for the travel agent/tour operator, it is estimated that the average additional cost per package per customer is 23/4p. Anyone who waited at Gatwick this summer would undoubtedly have been willing to pay that sum.

A draft European Community Directive on package tours

against claims from customers and holidays is shortly to be discussed in the European Parliament, so there will be an opportunity to approve measures aimed at giving better protection to passengers.

Many tour operators no doubt provide an excellent service – but it should be possible for all customers to be assured of efficient and fair treatment, without recourse to the law courts.

Diana Elles,
Chairman, Legal Affairs Committee,
European Parliament,
2 Queen Anne's Gate, SW1

ministers, ruling out one for highest office because his English was not fluent enough and another because he thought Singapore was not ready for a Prime Minister of Indian origin, a remark which has not endeared him to that community.

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Getting Bedford back on the road

John Griffiths reports on a British truck firm that has been transformed by a new owner

David J. B. Brown, a 24-year-old Yorkshire-born engineer-cum-entrepreneur, near this week served notice that the European truck industry is facing a new and potentially serious rival.

He refuses to criticise AWD's previous owners.

A shop-floor veteran of both regimes in less

circumstances.

"We prefer to talk to the boss direct – not wait upon some decision in Detroit for months."

Whatever the rights and wrongs of GM's stewardship, AWD has acted with extraordinary speed. The civilian trucks which went on sale yesterday are far more than a simple face-lift of the previous Bedford range. They have been substantially re-engineered, with the former GM's steering, transmission, and bodywork replaced by Perkins engines and Eaton transmissions, the cab restyled and its interior changed.

In the same period of nine months, AWD has also designed, developed and built a 120-tonne tank transporter from scratch, plus an innovative eight-wheel-drive and steer articulated vehicle for hauling 40-ft containers both on the road and across country.

Both were displayed at the recent Army equipment exhibition at Aldershot. The Fwd artic, which uses technology developed by another Brown group company, Multidrive, left observers gaping as it shot effortlessly over the top of a steep, pyramid-pointed hill, the rear wheels still propelling the container uphill with the cab and front wheels hanging free from the ground above the road and across country.

Up to the start of the 1980s, the 97-acre site at Dunstable, Bedfordshire, which is now AWD's home, was employing 6,000 people to produce 60,000 units a year. Output slumped in the 1980s, and GM shut down almost all truck production at the end of 1985. It was clearly keen to get all of Bedford off its hands. Mr Brown paid just £20m for Dunstable, a prime site less than 50 miles from London complete with a 2.8m sq ft plant needing new

pointer is provided, however, by his comment that, throughout the negotiations, "GM's prime concern was always, about the workforce".

He describes himself as a "late developer" who can one of the few real truck success stories in Britain. It was one achieved virtually single-handed, and despite leaving school with no qualifications.

Mr Brown, who has been confused with the David Brown who once owned Aston Martin, was an engineering apprentice who never completed his indentures. He went first into long haulage before returning to engineering, winding up as a senior engineer with Babcock and Wilcox. His determination to become a manufacturer eventually led him to sell his home in Gloucester and move to Peterlee, County Durham to start up his own firm with the aid of a regional grant.

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rapid failure. Other truck makers thought of him as an outsider to the mainstream truck world. In reality, this small, quiet, spoke and seemingly diffident figure who describes himself as a "late developer" can well one of the few real truck success stories in Britain. It was one achieved virtually single-handed, and despite leaving school with no qualifications.

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CURRENCIES AND MONEY

FOREIGN EXCHANGES

Sterling and dollar lose ground

CURRENCY MARKETS finished the week on a confused note. Early trading suggested that investors were keen to run short on sterling, partly because of Thursday's break through key support at \$1.6760, and also on expectations that weekend press comment was likely to give the pound a severe mauling.

However, early intervention by the Bank of England helped to stop the rot, but the pound continued to lose ground during the afternoon, until a turnaround in dollar sentiment helped sterling to finish above the day's lows.

The late improvement was in part a reaction to short term investors overestimating short positions. Traders also felt that the effects of continued central bank intervention and higher UK interest rates, added to the risks of carrying short posi-

£ IN NEW YORK

Sept. 2	Last	Previous
1 Corp. 1,4805	1,4805	1,4805-1,4805
1 month	1,50-1,51	1,50-1,51
3 months	1,53-1,52	1,53-1,52
12 months	1,47-1,48	1,47-1,48

Forward premiums and discounts apply to the US dollar

tions over the weekend, especially since US centres are closed on Monday for a public holiday.

The pound's exchange rate index fell to a low of 75.1, before finishing at 75.2. However, this was still down from an opening level of 75.3, and Thursday close of 75.5.

Against the dollar, sterling finished at \$1.6835, up from \$1.6735, and recovered from a low of DM1.1135 against the D-Mark, to finish at DM1.1300. However, this was still down from Thursday's close of DM1.1345. Against the yen, it finished at Y229.04 from Y222.35. Elsewhere the pound closed at \$C1.6835 from SF1.5815 and FF1.5325 compared with FF1.5850.

An indifferent reaction to US employment data for August left most traders less than content to maintain long dollar positions. A rise of 219,000 in non-farm payroll employment

was below most expectations, and helped to relieve concern that US rates would have to be increased in order to contain inflationary pressures.

Consequently the dollar fell away to finish at DM1.8590 from DM1.8740 and Y135.95 compared with Y136.40. Elsewhere it finished at SF1.5640 from SF1.5815 and FF1.6310 compared with FF1.6370. On Bank of England figures, the dollar's exchange rate index fell from 100.3 to 99.9.

Elsewhere, the French franc lost ground against the D-Mark, and the Bank of France was probably active in a modest way, buying francs from the French unit. The D-Mark rose to FF1.3380 from FF1.3375, although this was below the mark's best level.

Dealers suggested that the authorities were probably keen to support the franc at DM3.4000, a level touched briefly during the day.

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STERLING INDEX

Sept. 2	Last	Previous
8.30 am	75.3	75.8
9.00 am	75.3	75.8
11.00 am	75.3	75.7
12.00 pm	75.2	75.8
2.00 pm	75.2	75.8
3.00 pm	75.1	75.8
4.00 pm	75.3	75.8

Forward rates in convertible francs. Financial transaction 60/60/60. 12-month forward dollar 2.90-2.85c per 12 months

1.00 franc is convertible franc. Financial transaction 60/60/60. 12-month forward dollar 2.90-2.85c per 12 months

CURRENCY RATES

Sept. 2	Rate	Special Drawing Rights	European Currency Units
1 Corp. 1,4805	1,4805	0.62779	1,1554
1 month	1,50-1,51	0.51-0.5095	1,1563
3 months	1,53-1,52	0.51-0.5095	1,1563
12 months	1,47-1,48	0.47-0.4685	1,1563

All SDR rates are for Sept. 1

POUND SPOT- FORWARD AGAINST THE POUND

Sept. 2	Day's spread	Close	One month	% p.a.	Three months	% p.a.
1 Corp. 1,4805	1,4805	1,4805-1,4805	0.54-0.51	3.74	1.62-1.57	3.79
1 month	1,50-1,51	0.51-0.5095	1,4805	0.51-0.5095	1,4805	0.51-0.5095
3 months	1,53-1,52	0.51-0.5095	1,4805	0.51-0.5095	1,4805	0.51-0.5095
12 months	1,47-1,48	0.47-0.4685	1,4805	0.47-0.4685	1,4805	0.47-0.4685

Forward premiums and discounts apply to the US dollar

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Sept. 2	Day's spread	Close	One month	% p.a.	Three months	% p.a.
1 Corp. 1,4805	1,4805	1,4805-1,4805	0.54-0.51	3.74	1.62-1.57	3.79
1 month	1,50-1,51	0.51-0.5095	1,4805	0.51-0.5095	1,4805	0.51-0.5095
3 months	1,53-1,52	0.51-0.5095	1,4805	0.51-0.5095	1,4805	0.51-0.5095
12 months	1,47-1,48	0.47-0.4685	1,4805	0.47-0.4685	1,4805	0.47-0.4685

Forward premiums and discounts apply to the US dollar

EURO-CURRENCY INTEREST RATES

Sept. 2	Short	7 Days	One Month	Three Months	Six Months	One Year
1 Corp. 1,4805	1,4805	1,4805-1,4805	0.54-0.51	3.74	1.62-1.57	3.79
1 month	1,50-1,51	0.51-0.5095	1,4805	0.51-0.5095	1,4805	0.51-0.5095
3 months	1,53-1,52	0.51-0.5095	1,4805	0.51-0.5095	1,4805	0.51-0.5095
12 months	1,47-1,48	0.47-0.4685	1,4805	0.47-0.4685	1,4805	0.47-0.4685

Forward premiums and discounts apply to the US dollar

OTHER CURRENCIES

Sept. 2	£	\$
1 Corp. 1,4805	1,4805	12,000-12,000
1 month	1,50-1,51	12,000-12,000
3 months	1,53-1,52	12,000-12,000
12 months	1,47-1,48	12,000-12,000

Forward premiums and discounts apply to the US dollar

EXCHANGE CROSS RATES

Sept. 2	£	€	\$	DM	Yen	Fr. SFr.	FF	FL	Lira	CS	BP.
1 Corp. 1,4805	1,4805	1,4805	1,4805	1,4805	1,4805	1,4805	1,4805	1,4805	1,4805	1,4805	1,4805
1 month	1,50-1,51	1,50-1,51	1,50-1,51	1,50-1,51	1,50-1,51	1,50-1,51	1,50-1,51	1,50-1,51	1,50-1,51	1,50-1,51	1,50-1,51
3 months	1,53-1,52	1,53-1,52	1,53-1,52	1,53-1,52	1,53-1,52	1,53-1,52	1,53-1,52	1,53-1,52	1,53-1,52	1,53-1,52	1,53-1,52
12 months	1,47-1,48	1,47-1,48	1,47-1,48	1,47-1,48	1,47-1,48	1,47-1,48	1,47-1,48	1,47-1,48	1,47-1,48	1,47-1,48	1,47-1,48

Forward premiums and discounts apply to the US dollar

FT LONDON INTERBANK FIXING

Sept. 2	1 Corp. 1,4805	3 months US dollars	6 months US Dollars
1 Corp. 1,4805	1,4805	1,4805	1,4805
1 month	1,50-1,51	1,50-1,51	1,50-1,51
3 months	1,53-1,52	1,53-1,52	1,53-1,52
12 months	1,47-1,48	1,47-1,48	1,47-1,48

Forward premiums and discounts apply to the US dollar

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Service.

Unless otherwise indicated, prices are in pence. The prices are those at which the business was done, or, if later, up to 4 p.m. on Thursday and settled through the Stock Exchange Ticker system; they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the three previous days is given with the relevant date.

† Bargains at special prices. † Bargains done the previous day.

Bargains done with non-member or associated in overseas markets.

Corporation and County Stocks

No. of bargains included 2

London County Council 100% Csh Strk 1980/90

£100,000 1980-1990

Greater London Council 67% Csh Strk 1980/90

£20,000 1980/90

Birmingham District Council 27% Csh Strk 1980/90

£10,000 1980/90

Leeds City Council 25% Csh Strk 1980/90

£20,000 1980/90

Nottingham City Council 25% Csh Strk 1980/90

£10,000 1980/90

Manchester Corp 25% Csh Strk 1980/90

£20,000 1980/90

UK Public Sector Bonds

No. of bargains included 148

Applied Sciences Corp PLC 10% Csh Pmt 1984

£600,000 1984-2004

Amsterdam-Rotterdam Corp 10% Csh Pmt 1984

£100,000 1984-2004

Bank of America Corp 10% Csh Pmt 1984

£200,000 1984-2004

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FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

UNIT TRUST INFORMATION SERVICE

1996-1997
National Test Item Summary
State Performance

FT UNIT TRUST INFORMATION SERVICE

UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

Continued on next page

Money Market Trust Funds

Gross		Gr Equity		Special Acc.	
Net CAR		Int Cr		10.75	
Gross		Net CAR		8.25	
				11.43	Minib.
				8.44	11.69 Minib.
Charities Aid Fonds Money Magnet Co Ltd					
Staple Hall, Stone Co, Hemel Hempstead, EC3	01-263 6461				
CAPCASH Call Fund	11.17	11.60	3-mth		
CAPCASH 7-day Fund	11.39	8.74	12.05	3-mth	
The Charities Deposit Fund					
2 Fore Street, London EC2Y 5AQ					
Deposit	10.85	-	01-588 1815		
			11.30	13-NAH	
Carburton Money Management Ltd					
61 Green St, London, EC2R 1PH					
Call Fund	11.13	8.54	11.63	2-mth	
7-day Fund	11.43	8.76	11.93	4-mth	
Dollar	6.81	5.23	7.12	3-mth	
Money Market					
Bank Accounts					
Gross		Gr Equity		UNIT TRUST NOTES	
Net CAR		Int Cr		Prices are the price minus otherwise indicated and then	
Gross		Net CAR		deducted S with no profit, refer to U.S. dollar. Prices %	
Int Cr		Int Cr		down in last column) allow for all buying expenses.	
Gross		Net CAR		Prices of certain older insurance linked plans subject to	
Int Cr		Int Cr		capital gains tax on sales. A offered price includes all	
Gross		Net CAR		expenses & today's opening price & a Yield based on offer	
Int Cr		Int Cr		price & Estimated, & today's closing price. A distribution	
Gross		Net CAR		free of U.S. tax on a periodic premium insurance plan, a	
Int Cr		Int Cr		single premium insurance. A offered price excludes all	
Gross		Net CAR		expenses & a premium insurance plan, a offered price	
Int Cr		Int Cr		includes all expenses. If bought through a distributor, a	
Gross		Net CAR		Previous day's price, 5% currency premium, a suspense &	
Int Cr		Int Cr		Yield before Jersey tax, a Ex-subscription, a Only available	
Gross		Net CAR		to charitable bodies. A Yield excludes shows unaccrued	
Int Cr		Int Cr		rates of NAV increase, a Ex dividends.	

UNIT TRUST NOTES
 premium unless otherwise indicated and there is no profit return to U.S. dollar. Yield is a columnar allow for all buying expenses.
 The older insurance linked plans subject to loss on sales, a different price includes a day's opening price, a Yield based on offering price, & a today's opening price. It distributions are periodic premium insurance plans, a term insurance, a different price includes a day's opening price, & a different price includes expenses if bought through a broker, a price at 25 January gross, & suspended or tax. 1. Ex-administration, & Only available to bodies. • Yield excludes short-term increase, and a discount.

LONDON SHARE SERVICE

Weekend FT

Section II

Weekend September 3/4, 1988

Thatcher's merchant princes

Paul Cheeseright looks at the property developers who have been able to double or triple their money

DON AND ROY RICHARDSON are wealthy, probably very wealthy. Only they and the Inland Revenue would know the figures. They own large chunks of Dudley, in the Midlands. They have had lunch at 10 Downing Street. They own a shopping centre which is worth around £200m and they have not borrowed any money to create it.

They were born in a nine-bob-a-week house by a steelworks. They have worked all their lives together. They cut their property teeth in Stoke-on-Trent not on Chelsea flat conversions. They are Midlands people. They do not have designer offices. They have large cars but they do not quite fit the popular mould of the City-slicker commercial property developer.

Now does John Whitaker. He likes to play the simple man from the North West. Having a low profile people tend to under-estimate you. Have a high profile and they over-estimate you. I go in with a Mini Minor rather than a Rolls-Royce." In spite of his Marks and Spencer suits and Union flags on his tie and his belief that Britain "is a tax haven as good as any", he is a tax exile in the Isle of Man. What he gains, the family wants to hold.

Whitaker and the Richardsons have private companies where they keep most of their wealth and public companies where you can see some of it. Regentcrest or Peel Holdings for Whitaker. They are members of the new generation of property tycoons, those who have made fortunes on the back of the current commercial property boom that started in London and has been spreading across the country.

Property developers though are like estate agents, secondhand car salesmen and journalists – generally unloved, not to be trusted, but seeking to be accepted. After all they are responsible for the called architectural statements, the brashly painted sheds that are called out-of-town stores, the two pitched roof supermarkets. They are the people everybody loves to hate.

In the business they are called merchant developers. They buy and sell properties among themselves to raise a bit of cash. They buy land and beaten-up buildings and make their statements. They sell their products on to somebody else and move on to the next project. They always sell at a profit.

If they have an image, it is not one of Marks and Spencer suits. Italian tailoring for them and a lot of handkerchief hang-

ing from the breast pocket as they parade through the Mayfair restaurants. Not for them a simple Porsche – much better to have a powder blue Roller and a snappy little executive jet. They are after all very rich, the charmed creatures of Thatcher's take-the-burden-off-business Britain.

Still, the caricature is drawn from the characters. Every generation has them. They are very public in terms of what they do, though not in terms of how they do it. Today's character is tomorrow's honoured business leader. What the Samuels, Clares, Lyons and Bergers of the 1960s did being repeated by the Bradmans, Liptons, Beckwiths, Osbornes, Halls, Richards, Cleggs and Birchalls of today.

"At the end of the day we end up as an amorphous mass of rent collectors. We start as traders and end up as owners," said Michael Slade who, as chief of Heston Bar, found himself earning so much money that he had to arrange with his board to reduce his rights to the profits.

The merchant developers are trying to get themselves into the position where their property assets – or anything else into which they diversify – will themselves generate wealth just by virtue of being there. A developer likes to have a return of 30 per cent on a project. But recently total returns on existing property have been more like 30 per cent.

So those who have already arrived, such as the Duke of Westminster with his estate, or Peter Palumbo with a £200m portfolio and an obsession for a new building opposite the Bank of England, tend to do rather better than those who are travelling.

Still, for the last three years in London and more recently elsewhere, the travelling has been first class. This has been the luck of the business. "Anybody who bought three years ago has doubled or tripled their money. There has been no sort of logic about it," observed Alfred Buller, one of the young new rich, just turned 31 and a weekend committee to his Northern Ireland home. "Money was available in the market – people took it and they've made on it."

None more so than Tony Clegg. The property market has never seen anybody quite like him. Stocky, spectacled, double-breasted suited, rolled, rushing late from appointment to appointment including his own 50th birthday party – if you buy our shares, you buy a concept of management – he hit on a truth of the current market.

It was that there is a buyer for pretty well everything and that what is not sold still produces rent. So Mountleigh, his



company, buys properties in bulk and sells the individual units, making the sum of the parts greater than the whole. It has worked to the extent of making over £70m in 1987-88 pre-tax profits.

Clegg is regarded with a mixture of respect and curiosity in property circles. Respect because he makes money, though it is thought somebody like Whitaker could buy him out a few times, and curiosity because he seems to take risks others are not ready to accept. What will he do when the market turns down? people ask.

It is the sort of question property people would ask. The activities of Clegg showed that there is market for what they produce, but they are a jumpy crowd. The memory of the 1970s crash is just under the surface. There are plenty in the industry who are nervous and those who do not have been told about it. So the trick is to make money and depart on to create assets in order to wait for the next boom cycle in comfort. Even Clegg these days is talking more than he used to about development.

The secret here is for the developers always to use somebody else's money to build something which can be sold on to somebody else. Often great chunks of money. The big schemes do not come cheap. There is well over £1bn of bank money tied up in Broadgate, the huge complex of offices sprouting up around Liverpool Street station in London.

Broadgate is the brainchild of Godfrey Bradman and Stuart Lipton. Bradman is the discreet one, the tax wizard with a taste for espousing unashamed causes like freedom of information, the sort of man who is left clearing up after the garden fete when everybody else has left to watch Wimbledon on the telly. Lipton is more extrovert, always ready to talk about quality, interested in the grandiose, ready to consult Prince Charles, the nation's architect-in-chief. The two are among the industry's trend-setters.

Lipton speaks for the property rich

when he makes the point that "Our business is controlled risk". The first exercise in control is to know what the customer wants, in this case the large office user "because if the building is liked by the tenant, it will have a capital value." And creating capital value is what Bradman and Lipton are all about, just like Lord Samuel of an earlier property generation.

Then there is the money side. Here the risk control means stamping out all the variables you can find. So all the construction contracts, and there could be 35 for any one building, are at a fixed price.

The next thing is to spread the risk. Each project warrants a separate company where the share of the Bradman and Lipton interests is less than a majority. It is this company which borrows the money from the bank and because it is not a subsidiary it is off the balance sheet of the parent. It is because the security for the money is the project itself, the failure of the project does not mean that the principals are at risk. They might not be able to borrow money again, but what they have they hold.

The moral here was succinctly expressed by Donald Trump, in his recent autobiography,

"protect the downside and the upside will take care of itself".

Once Bradman and Lipton have their buildings up and occupied, they can replace the short and medium term bank money with a long term mortgage. The rents they are receiving will cover the interest charges. So they have an asset and the asset is wealth.

That applies to other developers too, although they might go about their financing in a different way. The Richardsons worry if they spend what they do not have. And Whitaker prefers long term debt on the balance sheet, but will use the dividend income from his quoted companies to put back into his private interests.

"Ploughing everything back and taking a long term rather than a short term view and living within one's means" is his recipe for wealth.

The great problem for the tycoons though is realising the wealth they have if, of course, they want to. Their obvious wealth is tied up in the shares of their quoted companies. It is often substantial but they cannot necessarily do anything with it.

"I may have have £150m to £200m of stock but I can't realise it, can I?" said Slade. Well, he can, but the stock market would take rather a dim view. Analysts would wring their hands and start asking questions along the lines of "What sort of a company is this when the chief starts bailing out?" The share price, at any rate, would take a hit of a knock.

It is the same for Slade's contemporaries. The marathon running Beckhams at brothers at London and Edinburgh Trust have shareholdings each worth about £27m. David Goldstone, generally classified as "the Welsh socialist millionaire", would on paper be worth over £17m. Bradman would be worth over £27m and Lipton a whopping £156m.

But this paper wealth looked precarious for a time immediately after the stock market crash last October. Trevor Osborne saw £15m wiped off the value of his shareholding at Speyhawk. The market has recovered somewhat but the merchant developers are not so much out of favour as viewed with some caution. The financial institutions which queued up for their paper last year prefer these days to buy companies with assets rather than earnings.

It is not so easy now to go to the market and sell a few million shares. The recent rush of new floatations have been from smaller companies look for relatively small amounts of money. But there will be more. Michael Birchall, whose name has passed into City entertainment history

with an epic champagne journey by Orient Express to Walsall, will sooner or later float off part of Sibec Developments, the company he founded, where his personal stake is worth over £27m.

"The people who are still at the table – those working up their business – cannot say they are that rich," commented Buller. "The ones who have made it rich are those who have stopped playing the game."

Harry Ryans is the obvious case. The recession developer, who became the butt of political criticism in the 1970s when he built Centrepoint in London and left it unleased, walked away with more than £160m after the company he controlled sold out to MEPC last year. And there are more modest cases. The Arnold Lee family took around £20m when Inry Property sold out last year.

Another way of realising some money is to be taken over but remain active in the bigger business. The property ambitions of British Airports Authority allowed Kenneth Rubens to bank around £8.6m and Maurice Lambert £6.4m when Lynton Property and Reversionary, earlier this year, became a BAA subsidiary. Danny Desmond seems less interested in ready cash. Great Portland Estates last year gave him £10.2m of shares for a stake in his company and he has watched the market price go up from 229p to over 350p a share.

This is all very well, but the difficulty is that, even with the help of market luck, a bit of work is necessary. As one student of the game put it, "At the very top few drink or smoke and many practice yoga... They are not all like that. Some make the most amazing whoopee and can be seen in the early hours at Annabel's, drinking champagne with the whole chorus from the Prince of Wales Theatre. They are the usually the ones who don't last – but they go down smiling."

Some will disappear, of course. They always do. This time round it will probably be somebody out there in the market buying properties not on the basis of what they are worth now but on the basis of what they could be worth if rents keep on rising and demand keeps on increasing. Just like 1974. Property developers are inevitable optimists.

Short term interest rates shot up in 1973-74 just like this summer only more so, inflation accelerated, not quite like 1988, and demand dropped out of the market, which is not at all like 1988. The rise in capital values that the 1974 developers thought would underpin some of their wilder schemes just did not happen. Faced with rising demands from nervous banks for interest repayments, some of the hapless developers of 1974 found, quite simply, that they did not have any cash.

So far in this boom the banks, which have been lending out money just as they did in the early 1970s, have not started to get nervous. That will come when the City building off the main track does not let and the developer who was too optimistic finds there is not enough rental income to meet the interest bill.

Who will be the 1980s-1990s equivalent of the 1974 departed, the men like Gerald Caplan, Gabriel Harrison, John Hines, Ronnie Lyon, Harvey Soring and Willie Stern? The only answer today is in the gossip. But sometimes history – and the banks – give a second chance. Look at Willie Stern, once commercially dead for over £100m, now alive and borrowing again.

**Trump, the art of the deal*, by Donald J. Trump with Tony Schwartz, *Century Hutchinson*, £12.95. **The Little Bedside Property Book or How to be a developer*, Alan Bailey Studios for Elliott, privately published.

The Long View

Integration with a vengeance



If you don't like Mr Lawson's monetary policies then you no longer have to use Mr Lawson's currency

Instead of political lobbying, EMS enthusiasts might focus on ways to make it easier commercially for us all to use Deutschmarks and other currencies in ordinary personal and business transactions.

The more traditional monetary economists such as the former Bank of England economic adviser Professor Charles Goodhart argue that people would find it so difficult to discover and work out exchange rates and prices in different currencies that the costs would swamp any benefits.

That may be taking too insular a view. Professor Friedrich Hayek's long-standing advocacy of privately-issued competing currencies was based partly on his experience living in an Austrian border town where both Austrian and German currencies circulated. Residents of Hong Kong, Canadian and Irish border towns and of many parts of Eastern Europe and Turkey find it similarly easy to cope. Even those Brits who confess to complete innumeracy seem to pick up a good sense of values in pesetas or francs when they hit the duty-free shops.

The dollarisation of the Israeli economy, in the face of formidable legal obstacles, indicates how multiple currencies come into increasing use. Even in the mid-1970s, when inflation was only slightly above UK levels, house and flat prices and an increasing number of loans were set in dollars.

As inflation accelerated, dollarisation of the economy became a way of coping with the effects of monetary policy. The dollarisation of the economy, in the face of multiple currencies, is a way of coping with the effects of monetary policy. The dollarisation of the economy, in the face of multiple currencies, is a way of coping with the effects of monetary policy.

GUINNESS FLIGHT

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GENERAL INFORMATION

Investors are reminded that as a consequence of the general nature of the investments held and of possible exchange and interest rate fluctuations, the value of their shares and the yield from them may go down as well as up and that past performance is no guide to the future. Also deduction of the Fund's initial charge (where applicable) means that if an investor withdraws from the investment in the short term he may not get back the amount he has invested.

*Source: Lipper Overseas Fund Table, June 30 1988
†Fund since launch 3.7.87 to 31.8.88: +8.32% (offer to bid basis). PTA All-Share Index for same period: -18.6%. Income reinvested in both cases.

GUINNESS FLIGHT FUND MANAGERS (GUERNSEY) LIMITED

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UK MARKETS

LONDON

Glum mood persists despite lack of news

NO NEWS is not always good news. A week without a major UK economic statistic, and without even the regular depressant of a base rate increase, still found traders in a glum mood. Even after yesterday's slight rally, the FT-SE 100 index ended the week below the psychological 1,750 level and down more than 100 points over the past fortnight. Everyone will doubtless be glad that the long three-week account has come to an end.

The worst day for traders was Thursday when a sudden drop in sterling, and weaker markets on Wall Street and in Tokyo, caused Footsie to shed more than 23 points over the day.

The equity markets remain nervous after the appalling July trade figures - and have yet to be convinced that what seems to be the Government's sole economic policy weapon, interest rate manipulation, is sufficiently flexible to keep control of the exchange rate, the inflation rate and the balance of payments, all at the same time.

So far, each successive interest rate increase has only fuelled anticipation of the next, and the week started with analysts speculating on how long it would be before base rates hit 13 per cent.

Turnover in equities remains sluggish, with much volume as there is being generated largely by trades between market-makers. There is no sign as yet of institutions being prepared to reduce the liquidity they have built up since last October's crash.



Pat Goodman gave up bid for Hovis McDougall

However, there must be a limit to the amount to which institutions can increase their holdings of cash and other non-equity investments. Gilts are restricted in supply because of the Government's healthy funding position; property is not likely to attract many fund managers while interest rates are rising.

Analysts believe that, eventually, investors will snap up out of their pessimism and reassess the equity fundamentals. There is even a sign that corporate profitability is still buoyant. Phillips & Drew is looking for industrial profits to rise by 14 per cent this year and by 7 per cent in 1989; that is modest compared to the liquid profits they have built up since last October's crash.

This year and 9.2 next. With dividends also set to rise substantially, the prospective yield for 1988 is over 5 per cent - a level which is very healthy by historical standards.

Indeed, recent economic developments may even provide a boost to the corporate sector. Higher interest rates are unlikely to upset UK companies, which have reduced their borrowings substantially during the 1980s. A weaker pound, however, will obviously be a boost for exporters.

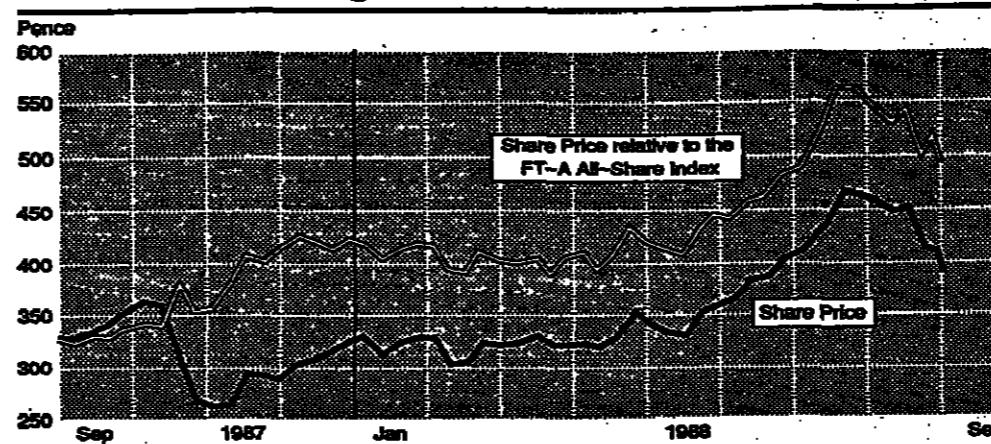
Sterling ended the week around two and a half cents lower against the US dollar and about two pence down against the Deutsche mark.

Foreign exchange traders remain concerned about the trade deficit and about the inflationary pressures within the economy.

Some analysts were talking of a fundamental change in sentiment towards the currency, despite the attractions of high interest rates. Certainly, sterling is now well down, at around 75.3, on the year's trade-weighted peak of 75.2 in May.

August is normally a quiet month for corporate activity, but Robert Maxwell can hardly be relied upon to provide news even in the quietest week. This week, he made a recommended 2134m bid (through Pergamon Professions and Financial Services) for the market research group, GfK; AGB; had talks with the chairman of the US publishing group, Macmillan, about the Maxwell Communication Corporation's \$2.37bn bid; and

Ranks Hovis McDougall



revealed interim pre-tax profits for MCC of £71.9m, at the lower end of analysts' expectations.

However, even Maxwell cannot provide enough news to keep all the City's highly-paid analysts and dealers busy. The news for speculators this week was mixed. Goodman Fielder Wattie, the Australian food group which had its £1.7m bid for Ranks Hovis McDougall referred to the Monopolies Commission, gave up the ghost and announced that it would be selling its 29.99 per cent stake. The fact that Pat Goodman, GfK's New Zealand chairman, was aiming to control REM brands such as Mr Kipling cakes and Mother's Pride bread, had caused many to draw comparisons with the Swiss bid for Rowntree.

This time, the UK group won through and Goodman's failure to announce that it had found a specific buyer for its holding depressed traders who had been hoping that a rival suitor might emerge. REM's shares dropped 21p to 357p on Thursday as the company began to make its £200m investment trust sector.

There were some events which gave hope to the bid-ho-

mers, however. Wereldhuis clinched success in the £252m bid battle for Peachey, the UK property group. It was a remarkably swift end to a take-over battle; the Dutch group raised its offer in the muzzling and was able to claim victory by the close of business.

Another announcement to warn the hearts of speculators was the increase in P. & O.'s stake in Taylor Woodrow from 8.5 per cent to 9.9 per cent. P. & O. first announced a 6.1 per cent stake late in July; the speed with which it has increased its holding has encouraged those who believe in the hostile nature of its intentions.

As one Australian raider (Goodman) departed to the wings, another remained firmly in centre stage. Larry Adler's insurance group, Pearl Group to 8.1 per cent. It reported only a small increase in Adler's holding but it increased the hope that the world's corporate raiders may suddenly look at the UK market and find it cheap.

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COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share	Market price	Value of bid %	Offer
Prices in £ per share unless otherwise indicated				
AGB Research	217	214	94.6%	Proprietary
Babycare	412	40	4.3%	Bob's N. L. Lewis
Beattie Clark	370.15	288	27.4%	TT Group
CASEI	120	125	9.7%	Downing
Cambridge	120.31	120	10.2%	Booths
Carroll Comm.	52	52	11.1%	Holmes & Marchant
Centra	107	131	33.5%	Hillside Group
Dovey Group	102.11	105	9.6	Alexion
Ellis & Gold	144.11	140	41.6%	David Godfrey
Falcon Inds.	100.11	100	42.9%	Scovell May
Gaynor Group	120	134	12.0%	Plassey
Hard Rock Inds.	132	118	40.6%	Pleassey
Hard Rock At	100	95	14.0%	Wiches
Hedys	410	205	164.4%	Grand Met
Hillside	100.05	107	22.4%	Consolidated
Irish Distillers	150	125	28.5%	Waverley Cameron
Joint Care	151.1	147	15.1%	Wardrobe
Marin (N) Groves	265.5	255	32.5%	Mecca Leisure
Microphones	225	225	21.1%	Mecca Leisure
Morgan Group	157	150	18.1%	Williams Hedges
Neogen Trans.	150	150	0.0%	Williams Hedges
Pearcey Prop.	150	125	21.3%	Williams Hedges
Penske	225	225	28.5%	Williams Hedges
Pleassey	218	181	20.2%	Williams Hedges
Reed Rock	251.15	232	12.6%	Williams Hedges
Smallbone	500	497	1.2%	Williams Hedges
TR Star & Gen.	125.1	120	50.0%	British Coal Power
Trust Hedges	161.55	161	12.4%	Farnell Elect.
Wayne Kerr	110	107	11.2%	Cookson
Whitethorn Hink	410.11	478	34.5%	

*All cash offer; **Cash alternative; ***Partial bid; \$For capital not already held; £Unconditional; ^Based on 2.30 pm price 2/9/88; TAt suspension; \$Shares and cash.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£m)	Earnings per share (p)	Dividends per share (p)
Devco DY	April	517	(1,040)	5.5 (12.7)
Border TV	April	716	(503)	4.2 (3.4)
Highgate & Job	March 35	(296 L)	2.1 (-)	1.7 (1.4)
Transcap	March 621	(491)	4.5 (3.6)	0.5 (-)

INTERIM STATEMENTS

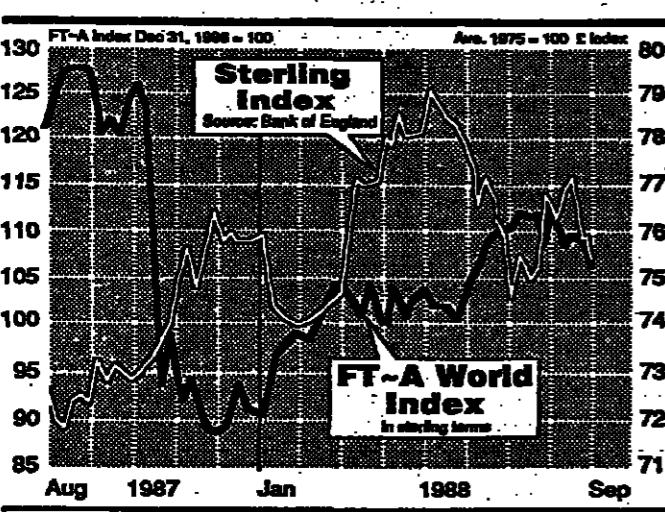
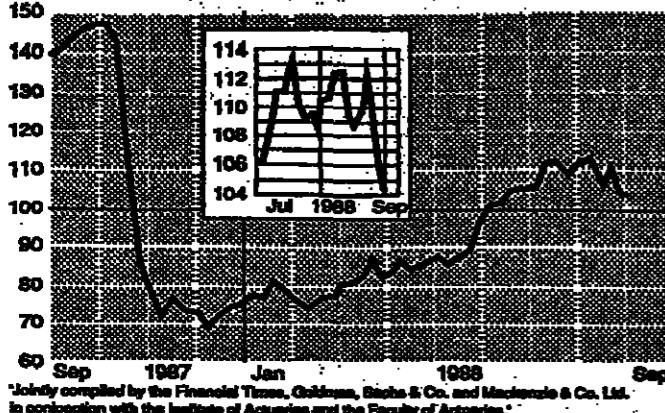
Company	Half-year to	Pre-tax profit (£m)	Interim dividends per share (£)
AAF Investment	June	6,570	2.5 (1.5)
American Trust	July	2,380	1.2 (1.1)
Associated Horizons	June	653	0.7 (-)
Blackwood Hodge	June	4,780	0.6 (0.5)
Braxton TFM&H	June	225	2.0 (2.0)
Cambridge	June	1,000	2.0 (2.0)
Carroll Properties	June	81,700	2.4 (2.1)
Church & Co.	June	2,200	3.0 (3.0)
CLH Holdings	June	2,340	0.7 (0.6)
Cundall Group	June	1,320	2.1 (1.9)
Dewhurst J	July	1,310	1.3 (1.2)
Dickie James	April	108 L	(238 L) (-)
English & Overseas	June	545	2.3 (2.3)
Erth	July	2,110	1.0 (1.0)
Fergabrook Group	July	11,700	3.5 (3.0)
Genetics Royal Ex	June	2,250 L	(2,450) (-)
Home Counties News	July	1,730	1.5 (1.5)
Irish Continental	April	22,500	45,700 3.7 (3.7)
Jaguar	June	1,150	0.3 (-)
Kalon Group	July	51	(680) 2.5 (2.5)
Lambert Howarth	July	287	(300) (-)
London Finance & Inv	June	5,250	2.3 (2.3)
Macfarlane Group	June	1,100	1.7 (1.25)
Maxwell Comm Corp	June	3,000	0.9 (0.9)
McWhirter Holdings	June	2,000	10 (10)
Pearcey Prop.	June	50	(40) 0.5 (0.5)
Pearl Group	June	28,800	21,875 6.0 (5.0)
Pentland Industries	June	38,500	34,375 0.5 (0.19)
Propeller	June	313	(104) (-)
Record Holdings	June	1,550	0.7 (0.5)
Ryan Hotels	April	143	(603) 0.5 (0.5)
SEFT International	April	420	(384) 0.5 (0.5)
Shore & Palmer	June	34,100	26,000 3.3 (2.8)
Smallbone	June	2,370	1,750 1.2 (1.2)
Stat-Plus	June	1,840	(2,034) 2.7 (2.7)
Steel Barrill Jones	June	1,040	(652) 0.55 (0.47)
Sunlight Electronics	July	1,980	(1

WORLD MARKETS

EMERGING MARKETS

Pacific Ex. Japan

FT-A World Index in Sterling terms (Dec. 31, 1986 = 100)



TIRED OF dreary, established stock markets and looking for action? How about Zimbabwe and Finland? The markets in these two countries, along with Argentina, Brazil, India, Indonesia, Japan, Kenya, South Korea and Sri Lanka, posted record highs in the first half of the year.

The uninspiring performance of most of the more established markets since last October's stock market crash is leading to a growing interest in the more exotic emerging markets around the world.

Of course, vast sums of capital from investors in the industrialised world are not yet flowing to the less-developed stock markets, and the evidence suggests that few private investors are yet cashing in their IBM or Marks & Spencer shares to fill their boots with Pakistan Oxygen or Al Ahli Bank of Kuwait. This seems wise; practical and legal obstacles to investment in many of these markets are often high and so are the investment risks.

Indeed, the experience of investors who ventured into the world's less-developed markets before last October's stock market crash has led many of them to become very cautious subsequently. It did not take much Western investment last year to overwhelm some markets, particularly those around the Pacific which were the focus of much attention.

The problems for investors associated with illusions of market liquidity — such as their over-estimating their ability

to sell at close to current prices — were very great on these smaller markets. Of course, liquidity illusion was not restricted to the small markets; selling even on the New York Stock Exchange was no picnic. Nevertheless, there are those who counsel against too much caution.

Laszlo Birinyi, a New York-based equity analyst for Salomon Brothers, likens investor attitudes to those of a cat sitting on a hot stove; the cat avoids the stove even when it's cold. However, Salomon is following these emerging markets with growing interest. The latest from the firm contains all kinds of information of the "Just Fancy That" variety.

The sixth-largest stock market in the world in 1988 was (you'll never guess) Egypt.

While much is made of Spain as "a market of the future," and its ranking of 11th in the world in terms of capitalisation last year, in 1975 it was the world's fourth-largest.

The best-performing stock on the American Stock Exchange in New York in 1988 was Philippines Long Distance.

Finland was the only European market to achieve new highs in the first part of

1988. Sentiment might have benefited both from perestroika in the neighbouring Soviet Union and from Helsinki's position as the first market in Europe to open after Tokyo, which (last week notwithstanding) has been the only established exchange to excite investors this year.

There are more serious reasons to study these markets, however, than to win stock exchange trivia contests. Birinyi lists five:

■ You never know which will be the next great market performer. The Nikkei and Dow Jones Industrial Average indices can just about at parity between 1950 and 1980. Now,

while the DJIA is barely over 2,000, the Nikkei stands at over 27,000.

■ Interest in, and knowledge about, these markets grows all the time. The International Finance Corporation's Emerging Market indices are, for example, published in the FT.

The interest is driven by the perceived need for broad international portfolios, evidence for which is provided by the diverse performance of stock markets world-wide.

■ The progressive lifting of controls and financial regulations, both within and between

FT-ACTUARIES WORLD INDICES

Country	5 Sterling	5 Sterling	% change	% change
	from	from	Jan 30th	Sept 1st
	1988	1987	1988	1987
Australia	+2.9	-16.8		
Austria	+2.8	-13.1		
Belgium	-4.3	-17.8		
Canada	-6.1	-16.7		
Denmark	-4.4	-3.8		
France	-5.1	-23.7		
W Germany	+0.3	-31.3		
Hong Kong	-6.9	-34.5		
Ireland	-4.0	-13.0		
Italy	+0.9	-22.8		
Japan	-3.7	-1.8		
Malaysia	-11.0	-23.9		
Mexico	-7.4	-58.8		
Netherlands	-1.8	-24.5		
New Zealand	-6.6	-44.4		
Norway	-7.8	-29.6		
Singapore	-2.1	-29.6		
S. Africa	-4.9	-40.7		
Spain	-6.1	-14.6		
Sweden	-1.6	-13.9		
Switzerland	-4.5	-33.0		
UK	-6.8	-22.4		
USA	-3.3	-21.5		
■ FT-A World Index	-0.9	-15.3		
WORLD	-10.7	-15.3		

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countries. While this is encouraging competition in many previously straitjacketed economies, governments, even in *dictator* states such as Argentina, are being converted to local markets.

With persistent growing budget deficits unsustainable in many countries, this raises money for governments and reduces running costs. The prospect is thus for further growth in the importance and capitalisation of stock markets in many developing countries.

■ A growing supply of, and demand for, stock. Mutual funds have been established for outside portfolio investment in the markets of Chile, India, Pakistan, Thailand and many other countries, and the pace of their creation is not slowing down. Unit trusts are becoming more significant in some emerging markets.

There also is a dramatic surge of interest among international banks in making equity investment in developing countries by exchanging, at a discount, their Third World loans for equity, although most of this equity is not in the form of portfolio investment. "With the debt crisis in the forefront of everybody's minds, people have forgotten that there are a lot of good companies in South America," a banker remarked.

■ The cross-border expansion of enterprises makes it more important to understand local markets.

It remains to be seen if this increased interest in stock markets will provide a large enough flow of resources to developing countries to do them any real good. If this is to happen, however, the quality of information on many of the markets will have to improve.

This is not a problem related to the new exchanges; the most common indices in France, West Germany, Spain, Portugal and Hong Kong, for example, all have significant flaws.

Changes will also be required to reduce obstacles to foreign investment, a cause of action which, for local political reasons, could be difficult to take in some countries. It is worth remembering the fuss that Kuwait's take in British Petroleum has caused among politicians in Britain.

Apart from those countries which exclude foreigners altogether, in others such as South Korea, Brazil, India and Taiwan, external investment can be made only through mutual funds. Other markets restrict the types of stocks foreigners can buy.

Still more, including Argentina, Chile, Colombia, Ecuador and Peru constrain the ability of foreign investors to repatriate capital. And in Austria, Greece, Indonesia, Portugal, South Korea, Taiwan, Thailand and Turkey, limits are imposed on the allowed movements of stock prices on a given day.

Stephen Fidler

WALL STREET

Jobs slowdown hints at rally

THE US stock market could be poised for a rally. The torpor and uncertainty that have weighed on the market all August like a Manhattan heat-wave were dispelled early on Friday morning. Stocks and bonds soared in value and may continue their rise or, at least, consolidate Friday's gains when the stock market reopens on Tuesday, a day late because of the Labor Day holiday.

The breath of statistical air that blew away the markets' gloom came, aptly enough, from the Labor Department. For months, US financial markets have been watching with growing trepidation as the economy goes on creating new jobs. It has become an item of faith on Wall Street that full employment will mean higher wages and prices, higher inter-

est rates, and lower stock and bond values.

The markets' fears have been compounded by the knowledge that the Federal Reserve is watching the monthly employment report with equal interest. The half-point rise in the discount rate effected by the Fed early in August followed hard on a strong employment report for July.

By this week, the report for August had become a sort of bugbear. Trading in both stock and bond markets had all but dried up for fear of what it would bring.

As it turned out, Friday's report was most encouraging for holders of US financial assets. Non-farm payrolls rose by 219,000 jobs in August. This was just a little less than the

market expected but it came with a big adjustment of those troublesome July figures.

Instead of 283,000 new jobs in July, the economy created just 200,000. As for the jobless rate, which was at a very low 5.4 per cent, this rose in August to 5.6 per cent.

The markets responded sharply. The dollar continued its strong rally against the yen (and, for that matter, sterling) while bond prices took off, with the Treasury long bond adding nearly two points in just 20 minutes of trading.

Stocks were up nearly 30 points in the same short period. But then, both rallied petered out for lack of participation. Many professional and institutional investors had already left for the long weekend.

As they fret away their enforced leisure in Quogue or Nantucket, they will have to decide whether Friday's brief surge can form the basis of a rally when they get back. As Hugh Johnson of First Albany put it on Friday morning: "The employment data might just be the catalyst."

The arguments in favour are quite good and are ticked off quickly. The market has been sold off 5 per cent from its mid-summer peak and might be, in Johnson's words, "modestly undervalued." Investing institutions hold big portions of their assets in cash, which could be deployed quickly into stocks. Pessimism about the economy and interest rates is rife, and that is — in the looking-glass world of the stock market — a bull point.

Meanwhile, the dim set of employment figures for August should herald a set of weak economic statistics throughout the month which should allow the bond market to shed some of its inflationary expectations.

Some traders on Friday were already seeing parallels with the last decent rally in the stock market which occurred just after Memorial Day (the

holiday which starts the American summer, as Labor Day ends it). Four days before Memorial Day, the Dow Jones Industrial Average dropped to 1,941.48 on volume of 102,614 shares. This was a low for both price and volume, and the next month brought a 200-point

turning point.

If this sounds like wishful thinking, it is hard to find anybody who thinks the rally will amount to much, even 200 points. "It's hardly going to be eye-popping," Johnson said.

The main reason for caution lies in the stock and bond markets' present temper. The low volumes and small price movements of recent weeks are not simply the signs of markets becoming in summer doldrums. The markets really do not have much of a clue about where the economy and interest rates are going. They are imprisoned

by counterbalancing expectations of rising interest rates and recession.

For example, the bond market is warning of higher rates; but weak cyclical stocks (such as steel and chemicals) and strong bank stocks would seem to signal a low interest-rate recession.

In addition, the Fed's tighter stance has pushed up short-term interest rates by a full percentage point since Memorial Day. Rates might be higher for the strength of the dollar, and the currency could again come under pressure. Stocks could rise a bit, but, as Johnson predicts: "The low levels of interest and conviction will probably persist beyond the summer."

Munday 2041.43 + 24.00
Tuesday 2038.23 - 0.30
Wednesday 2031.65 - 0.55
Thursday 2002.31 - 25.34

James Buchan

MURRAY SMALLER MARKETS TRUST PLC

Results for the year ended 31 May 1988

	1988	1987
Equity shareholders' interest	£101,053,155	£131,422,190
Asset value per share	180.4p	234.6p
Revenue available for ordinary shareholders	£124,2657	£1,052,920
Earnings per ordinary share	224p	190p
Ordinary dividend per share — Interim	0.55p	0.45p
— final	145p	120p
Capitalisation issue in 8 ordinary shares	1,164,17%	0.7456%

Investment objective

To achieve growth in net asset value through an international portfolio with emphasis on smaller markets.

Highlights for the year ended 31 May 1988

1. Murray Smaller Markets Trust PLC's long-term record continues to be favourable — the company's net asset value has increased by 168% over the past five years compared with a market average of 110%.

2. A total dividend of 20p is recommended — an increase of 21% over 1987.

3. Net revenue available to ordinary shareholders rose from £1,052,920 to £124,2657 — an increase of 18% over the year.

	Distribution of assets as a percentage of shareholders' equity	
	1988	1987
	%	%
(cont)		
Equities		
United Kingdom	23.80	20.91
Europe - Belgium	0.53	0.78
France	8.08	4.85
Germany	7.94	4.54
Italy	4.60	1.98
Netherlands	6.16	4.98
Spain	0.45	1.03
Sweden	0.51	—
Switzerland	5.83	3.79
Japan	8.70	15.59
For East - Australia	10.11	8.85
Hong Kong	12.97	16.34
Investment Fund	44.32	109.84
Prior capital and loan	(11.32)	(9.84)
Equity shareholders' interest		

FINANCE & THE FAMILY

THICK BUNDLES of documents should be thumping onto the doormats later this month of some 66,000 people who hold policies with London Life, one of the UK's oldest mutual life insurers.

The papers will be mostly rather dehydrated stuff — they have been drawn by actuaries and by two City law firms, Freshfields and Herbert Smith — but they could also prove to be highly controversial.

For the documents will contain the small print of London Life's plans for a merger with Australian Mutual Provident, the biggest insurance group in the Antipodes.

Since those plans were first disclosed at London Life's annual meeting on May 29, a discreet hush has descended over the whole affair, in spite of the fact that a merger of this kind is virtually unprecedented in the industry.

The calm is about to be disturbed, however, because a small minority of courteous but very articulate policyholders who work in the City have expressed strong opposition to Oliver Dawson, London Life's president.

A letter of protest has also gone to Arthur Russell, head of the Department of Trade and Industry's publicity-shy Insurance Division, which has a statutory duty to ensure protection of policyholders' reasonable expectations in cases of life assurance mergers and

acquisitions.

One objector, Richard Raeburn, an investment banker, says: "Events of the last few months at London Life may give the impression — rightly or wrongly — that the interests of employees are being given precedence over those of policyholders."

In the spring, London Life's directors signed heads of agreement with AMP, and because the company felt it was too weak to form a viable unit on its own in an increasingly competitive life assurance market.

London Life has, however, hired Vaino Pöllä, the public relations firm, to conduct a survey of policyholders' attitudes, which it says it will release to the press.

The solution was that its life fund would become a "sub-fund" within AMP. The Australian group has a small UK subsidiary but London Life would operate separately under its own name, retaining its financial resources. A key problem was its high expense ratio: 23 per cent in 1982.

The solution was that its life fund would become a "sub-fund" within AMP. The Australian group has a small UK subsidiary but London Life would operate separately under its own name, retaining its financial resources. A key problem was its high expense ratio: 23 per cent in 1982.

Some parents, especially those who have made no preparations at all, are suddenly faced with the prospect of paying hefty fees out of income at a time when the cost of borrowing has gone up sharply.

There is no easy way to relieve the pain. Borrowing money is expensive and there are no tax dodges to reduce the cost. All you can do is grit your teeth and see how much you can scrape up out of existing capital and income. Only after that should you consider borrowing.

You should then work out if you will need to borrow money for a short period or a longer term. For a short-term loan it is probably best to approach your bank manager and see it is

possible to arrange. The interest rate may be high, but it is less costly than taking out a longer term loan. You could also look to see if any of your existing insurance policies or pension plan include a borrowing facility.

But in the end, the normal source of extra funds for hard-pressed parents is their house. You can either take out a new, larger, mortgage to replace your existing one. Or go for a second mortgage on top of your existing one. If you decide on a second mortgage, you will probably have to pay a higher rate of interest since the lender is at greater risk because the first mortgage has priority for repayment in the event of a default.

Tony Murrell, managing director of school fee specialists Frazer Marr says that if you need to borrow for a longer period, the best bet is to go for what is called a draw down loan. Basically this is an arrangement under which the lender agrees to loan you an agreed maximum sum, but you only take out what you need at the time and are only charged interest on the amount you have actually drawn out.

There are no shortage of lenders prepared to provide loans of this sort. But you have to watch out. Trevor Downing, of Berkley St. James, says it is

nothing short of scandalous that some lenders, including respectable names as well as loan sharks, charge high rates (such as 19 per cent) even when the loan is secured against your house and much lower rates are available.

The best known School Fees Loan plan is probably the one offered by ISIS (Independent School Fees Service) in conjunction with NatWest Bank and financial advisers, Claremont Savile. Under this plan an educational fund account is set up financed by a loan, up to 80 per cent of the security (normally a house) provided and 2½ times either parent's income. The interest rate is 2½ per cent above the current NatWest base rate, but with a minimum rate of 10.5 per cent.

The loan can be repaid over any period between 10 to 25 years, or at your 65th birthday, by using a low-cost endowment policy.

Similar schemes are offered by a variety of life companies, banks and intermediaries. The Bank of Scotland has two separate schemes — the Assured Plan marketed by Standard Life and the Immediate Plan sold by Sun Life of Canada — where the interest rate is only two per cent above base rate.

Although the interest rate seems fairly reasonable, this type of plan is very expensive, since you face paying the endowment policy premiums, the interest on the amount actually borrowed and various additional fees.

It is in effect an additional mortgage, at a higher cost. In the scheme offered by Berkley St. James, for example, where you replace your existing mortgage with a higher amount, you pay the standard interest rate on the home loan element and an additional one per cent on the money drawn out to cover the school fees. It is very much a last resort.

You may be able to use a pension plan instead of an endowment policy, to repay the loan. But this is a tricky area. The proceeds of pension policies are not legally assignable and the lump sum you can take out has been cut to 25 per cent of the total worth of personal policies in 1982.

Employees are given the option to "buy shares in the future at a price fixed when the option is granted and which usually is the market value of the shares at the grant date (90 per cent under a savings-related scheme).

Murrell claims that deeds of covenant can still be tax efficient in paying school fees, in spite of the changes in this year's Budget. For example a deed of covenant establishes that a regular gift is being made out of income and may well be allowed by the Inland Revenue as an additional exemption to Inheritance Tax over and above the normal £3,000 a year.

At the same time gifts made direct to a child can be invested in tax-free investment vehicles, such as National Savings products, to make use of the child's personal tax allowance of £2,000 as well as possibly reducing the donor's Inheritance Tax liability.

But, as Murrell cheerfully puts it: "Heaven help the parents who have left providing for school fees too late. They face an expensive time."

John Edwards

The calm over London Life's talks with AMP is about to be disturbed, says Nick Bunker

Quiet please. We're talking mergers here



Dr John Evans (left) London Life managing director with Oliver Dawson, president

mission paying office. London Life and the Equitable did hold talks that could have led to a takeover of London Life's assets and liabilities, though Dawson did not tell policyholders about that merger.

It is understood that the talks floundered because London Life could simply have been swallowed up, one probable by-product would have been that job losses at London Life, with the victims including senior management.

Another potential objection to the merger centres on AMP's UK investment record. A survey by Money Management magazine of with-profit endowment policy returns shows that a 25-year, £20 per month policy with AMP would have produced only £20,894 at maturity in 1987. The sum was £41,990 at London Life and at the Equitable.

Raeburn's letter to Dawson says: "The proposed merger appears to be particularly unsuitable in view of the character and the investment record of AMP in the UK. Policyholders in London Life originally invested in London Life, the leading non-com-

mission sector by not paying commissions and by demonstrating a consistently excellent investment record."

Now, it is believed that Ian Salmon, chief of AMP's international operations, and Lord Catto, who chairs AMP's own UK board, have already become directors of London Life — before it has officially given the go-ahead for the merger. Dr Evans insists that the two men do not influence the company's policy.

Dawson's team expects to petition the court this month or in early October, hoping for a November hearing. Anybody who considers he or she might be adversely affected by the merger — including employees and members of the general public — can attend to challenge the transfer.

In theory, the legal complexities governing life company mergers should provide plenty of opportunity for objectors to have their say.

London Life is preparing the documentation to be sent to policyholders in advance of an extraordinary general meeting. This has to be held to approve amendments to its articles of association to allow the merger to go ahead: the amendments will require the support of 75 per cent of eligible policyholders who vote.

However, while London Life has about 335,000 policies in force, and more than 150,000

individual policyholders, only the 66,000 who have individual with-profits contracts are eligible to take part in the ballot. London Life has provisionally booked a hall at the Barbican in London on October 19, but the date may change if it takes longer than expected to produce the documents.

London Life also has to comply with section 49 of the 1962 Insurance Companies Act, which lays down that any transfer of business from one life company to another has to be sanctioned by a High Court judge.

Dawson's team expects to petition the court this month or in early October, hoping for a November hearing. Anybody who considers he or she might be adversely affected by the merger — including employees and members of the general public — can attend to challenge the transfer.

The DTI's Insurance Division is not specifically required to attend at the hearing, though it can do so and an objection from its officials would probably scupper any merger. Dr Evans says that the DTI "has been kept fully informed of development. They have raised no problems."

But, at least until the hearing and probably not even then, policyholders will have no opportunity to find out for themselves what the DTI really thinks.

Fees headache

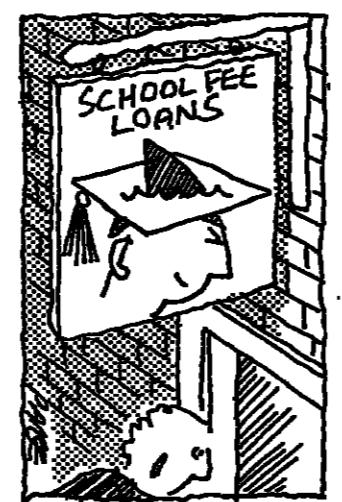
THIS IS the time of the year which many parents dread. The time when they have to find the money to pay school fees for private education or to meet university or college bills.

Some parents will have heeded the warnings to plan well in advance. But the rise in private school fees over the past 10 years has escalated rapidly, way beyond expectations. And this year, after the Budget decision to scrap tax reliefs on deeds of covenants, it is going to be a much harder job to persuade grandparents, relatives or friends to help out if they are not doing so already.

So many parents, especially those who have made no preparations at all, are suddenly faced with the prospect of paying hefty fees out of income at a time when the cost of borrowing has gone up sharply.

There is no easy way to relieve the pain. Borrowing money is expensive and there are no tax dodges to reduce the cost. All you can do is grit your teeth and see how much you can scrape up out of existing capital and income. Only after that should you consider borrowing.

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Split affects investors

A SPLIT IS developing in the unit trust industry that affects the investor directly. Hill Samuel this week became the ninth group to raise its 6 per cent to 7 per cent (from front load) charge on purchases of unit trusts. It also increased its annual management fee on most of its trusts to 1.5 per cent.

However, the Royal Trust of Canada has gone in the opposite direction by virtually scrapping the initial charge on its Prestige Portfolio trust, which includes a range of 11 sub-funds. Adrian Collins, chief executive of Royal Trust Management, dropped this minor bombshell when he introduced it for the first time for an onshore fund almost the same charging structure used by the offshore Capital Strategy fund which he launched some four years ago when he was at Gartmore.

Under the reorganisation of the Prestige Portfolio, the initial charge will be abolished and the bid/offer spread will be reduced to only 0.5 per cent to cover the stamp duty. But the annual management charge will be lifted to 1.9 per cent, of which 0.75 per cent will be paid to intermediaries.

In fact, intermediaries also will be offered the choice of negotiating an initial fee with investors who are prepared to pay for their advice in selecting the right fund. However, this can be done only if the investor signs a special form authorising Royal Trust to pay

an agreed fee to the financial adviser. In that case, Royal Trust would act merely as collecting agent, but it would pay no initial charge to the intermediary unless the special form of authority had been signed by the investor.

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an agreed fee to the financial adviser. In that case, Royal Trust would act merely as collecting agent, but it would pay no initial charge to the intermediary unless the special form of authority had been signed by the investor.

This type of problem has been at the heart of two recent court cases.

The first was brought against the CPS computer group by two employees of one of its former subsidiaries, David Edwards and Michael Tait. They had been granted options under the CPS share scheme at a time when David Edwards was part of the CPS group. CPS later transferred David Edwards' business — together with its employees — to another company.

The question for the court to decide was if the employees had been made redundant. If so, they could exercise their options and cash-in on substantial profits. If not, their options disappeared on the date when they and the rest of the Data Entry staff left CPS.

Because the executives had taken new jobs with the purchaser of the Data Entry business, they were not in a position to claim redundancy monies from CPS. Nevertheless, the court decided that, for the purposes of the share scheme, they had been made redundant and were entitled to their option profits.

The second case fell on the other side of the line. ASDA-MFI, the grocery and furniture chain, sold off one of its subsidiaries, Wades Department Stores. More than 200 Wades

employees held options under the ASDA share scheme. Following the sale of Wades, the employees were told that, because they were no longer part of the ASDA group, they had lost their options. They challenged this in court.

Their argument was that since ASDA had created the options, it should not be allowed by its own action — the sale of Wades — to destroy them. But the judge was unimpressed by this reasoning and sent the employees away empty-handed.

These two cases — with very similar facts but diametrically opposite results — highlight the uncertainties that seem to be involved in the area of options for employees.

Employers are given the option to "buy shares in the future at a price fixed when the option is granted and which usually is the market value of the shares at the grant date (90 per cent under a savings-related scheme).

If the share price rises during the option period, the employee can exercise his option and then sell the shares at an immediate profit.

However, under both schemes options cannot be exercised until a number of years after grant — typically, three years for the executive scheme and five years for the savings-related scheme.

Occasions on which earlier exercise is permitted are restricted severely. Usually, the only exceptions will be if the option-holder loses his job through no fault of his own (because of illness, redundancy or death) or if the scheme company is taken over.

So, if an executive is made redundant two years after

the options are granted, he will not yet reach the court's when an individual is sacked before he can exercise his option.

Suppose, for example, that Mr A, a senior executive of XYZ plc, has a service contract that runs until 1990 and a valuable share option exercisable from 1990. In 1988, he is dismissed in breach of his service contract. If XYZ had honoured his contract, he would have been able to profit from his option. A is entitled to compensation for the loss of that potential profit.

This question is likely

FINANCE & THE FAMILY

Eric Short considers the personal pensions system

A beggar's muddle

AT THE START of last month, when personal pensions for employees became permissible, the new system imposed by the Life Assurance and Unit Trusts Regulatory Organisation (Lautro) for use by life companies to illustrate the benefits on personal pensions also came into operation. Unfortunately, this has caused more confusion than clarity.

Personal pensions come in two versions – the appropriate personal pension (APP) used to contract-out of the State Savings-Related Pension Scheme (Serps), and the plain personal pension (PP). Each has its own contribution and benefit conditions, so they are treated as separate contracts. In keeping with this, Lautro has produced two completely different methods of illustrating benefits.

Naturally, the employee considering a personal pension wants to have some idea of the total benefits – including cash lump sum – provided by each version. However, employees and intermediaries are finding that they cannot add the two illustrations together because of the different basis used for each part. And, under the Lautro rules, life companies cannot provide a single comprehensive illustration as they can in the past.

There are two approaches to preparing illustrations. One is to show the pension and cash sum solely in money terms. The other is to indicate the pension in real terms, adjusted for inflation, to show its worth in today's money values.

There are arguments for and against either, but one would have thought that consistency in the choice of method was essential. However, that is not the view taken by officials at Lautro, who have used a real-term basis for APPs and money terms for PPs.

Following is a brief interpretation of Lautro's rules.

APPROPRIATE PERSONAL PENSIONS

The illustration must show only the pension secured by the contributions (which are fixed in terms of the employee's earnings) paid in the current financial year. The pension is shown on two different assumptions: (a) that the underlying investment return will be 0.5 per cent a year more than the rise in national average earnings, and (b) 2.5 per cent more.

The illustration shows the accumulated pension savings in today's money terms of the contribution paid and the pension secured by those savings – the deduction for charges and annuity rates being laid down by Lautro. The pension thus forecast is then compared with the Serps benefit secured by the current year's contribution.

APPROPRIATE PERSONAL PENSION Investment in With Profits Fund

Member – Male aged 28 Retirement at Age 65	
Estimated Earnings in tax year 88/89	£ 16,200
Tax Year	88/89
Employer's contracted out rebate	£ 333.25
Employee's contracted out rebate	£ 200.00
Plus return of basic rate tax paid on employee's rebate	£ 93.55
2% incentive	£ 200.00
Retirement benefits	0.5% p.a. real rate of return
Fund at normal retirement age	£ 2,250
which provides	
Member's pension	£ 103.42
Spouse's pension	£ 62.42
Corresponding SERPS benefits given up:	
Member's pension	£ 61.44
Spouse's pension	£ 30.44
Transfer values after:	
1 year	£ 1,251
2 years	£ 1,309
3 years	£ 1,312
4 years	£ 1,321
5 years	£ 1,321

Note: Benefits shown are adjusted for inflation. While transfer values are not

PERSONAL PENSION Investment With Profits Fund

Member – Male aged 28 (Employed)	
Retirement age 65	
1) Contributions payable monthly from 01/09/88 for 35 years 5 months, increasing in line with the Index of Average Earnings	
Employee's gross monthly contribution (initially)	£ 40.00
2) Benefits illustrative retirement benefits:	
	8.5% p.a. rate of return 13.0% p.a. rate of return
Fund at normal retirement age	£ 177,000
which provides Tax free cash	£ 44,300
plus Member's pension £ 15,300 p.a.	£ 74,100 p.a.
Transfer values after:	
1 year	£ 307
2 years	£ 622
3 years	£ 1,031
4 years	£ 1,205
5 years	£ 1,224

INVESTORS INTERESTED in the Business Expansion Scheme may soon be bombarded with a glut of prospectuses. New schemes are being unveiled thick and fast, with at least 20 issues, worth an estimated £200m, expected to come on offer by the end of September.

All this activity represents the early fruits of a new type of Business Expansion Scheme – those investing in assured tenancies. The current proliferation of issues is designed to attract investors who can, before October 5, boost their tax relief by carrying back half of their investment (up to a maximum of £5,000) to the 1987-8 tax year.

This new category of BES introduced in this year's Budget is a product of the government's ambition to revitalise the private rented sector. It reflects two pieces of legislation: the Budget changes that allowed the rented residential property sector to qualify for the BES and the forthcoming Housing Act. This Act should ease the role of a landlord by establishing market rents and making it somewhat easier to regain vacant possession of properties.

The idea of the assured tenancy BES is that investors get income tax relief (at their highest rate of tax) to invest in qualifying companies. These companies in turn buy houses, each worth at most £25,000 (or £25,000 in London) and rent them on an assured tenancy basis. At the end of five or more years, the shareholders are free to pocket the profits made on the sale of the property.

One thing is certain. The present system – in the words of one leading registered insurance broker – is a "beggar's muddle" and must be changed.

Vanessa Houlder looks at a new type of BES

Lure for landlords

ASSURED TENANCY BUSINESS EXPANSION SCHEMES

Company or Fund	Sponsor	Max to be raised	Closing date
Burlington Estates	Northern Stockbrokers	£5m	30 September
Glasgow Merchant City Homes	Neill Clark – 041 332 2055	£2m	22 September
City North Properties	(Contact SCM 242 0171)	£5m	2 October
First Cambridge	Chancery 495 717	£5m	1 October
Yorkshire Housing Trust	Capital for Companies	£5m	25 November
Grampian Assured	Minster Trust 623 1050	£5m	5 October
CAT Fund	Capital Ventures	No limit	5 October
First Johnson Fry	Johnson Fry 439 0924	No limit	None

ties or company without paying any capital gains tax. In this way, investors have a chance to invest in a traditionally "safe" investment, which would typically give 17 per cent capital growth a year, assuming a 10 per cent annual rise in property prices and 40 per cent BES income tax relief.

So much for the theory. What are the snags? The main risk, clearly, is one of a poor performance by the property sector. Although few pundits predict an actual fall in prices, many believe that the market, particularly in the South, is overheated. Even if prices merely pause for breath, the 10 per cent rise per year commonly cited as a base projection may prove to be over-ambitious.

A separate concern is the question of whether the company will get vacant possession of the properties at the end of the five years. That is important, since assured tenancy properties will probably sell for substantially less than vacant properties – although quite how much less nobody knows. Although some players, such as Nationwide Alliance, which launches its fund on September 15, expect houses to remain in the rented sector, many companies assume that the houses will be empty at the end of the period.

The tactics expected to achieve this vary. Under the terms of the Act, tenants can renew their leases, at an open market rent, for as long as they like – unless there are three-month rent arrears, demolition plans or suitable alternative lodgings. But many operators believe that tenants will have little incentive to stay in the property – unlike statutory tenants which benefit from low "fair rents". Many

companies will be specifically targeting short-stay occupiers, such as students or young professionals.

What should investors look out for when picking a scheme? The most important influence on house prices will probably be location – one variable that investors have a good degree of control.

Schemes have already been launched to invest specifically in Glasgow, Aberdeen, London or Cambridge or through a scheme launched by the largest BES sponsor Johnson Fry – a combination of any of seven different regions in the UK.

The Johnson Fry scheme may prove one of the largest on offer, as the number of companies established to cover each region will expand to meet demand. There is also an added option of a company investing throughout England.

Success will, of course, depend on the enthusiasm of investors. But there is no need to be in a hurry to invest.

"Unless you see something that is too good to miss, there must be a tendency to wait and see," advises John Spiers of BES Investment.

September 5th 1988.
Remember it as the day you
took up our wisest, widest
investment offer ever.



INVESTMENT OBJECTIVES. Family of Henderson Income Funds aims to provide a high level of income and prospects for capital growth by investing in a selection of Henderson fixed interest and equity income unit trusts. Family of Income Funds aims to provide growth of income and capital by investing in a broad range of unit trusts (mainly equity income) selected from those available in the whole market. Family of Funds aims to provide capital growth by investing in a spread of unit trusts selected from those available in the whole market. Family of Henderson Funds aims to provide capital growth by investing in a concentrated number of unit trusts selected from the Henderson range, especially overseas and more specialist sector trusts.

PRICING AND DEALING. The offer and bid (buying and selling) prices and yields are calculated daily on the basis of the latest market values available at 12 noon (the "valuation point") although in certain circumstances they may be recalculated more frequently. The resulting prices will be published daily in the Financial Times and certain other newspapers.

Dealing hours are from 9.30am to 5.00pm each business day.

Postal deals received before 2.00pm or the calculated price prior to 12 noon will be dealt at that day's price. Postal deals received after that time will be transacted at the price ruling at the next valuation point.

Telephone deals placed between 9.30am and 5.00pm will normally be dealt at that day's calculated price. After 12 noon you have the right to deal at the next price quoted if you wish.

There may be circumstances, for example, where the fund value has changed by 25 or more, when the Managers cannot deal at historic prices, or when dealing may be suspended.

BUYING AND SELLING UNITS. The minimum initial investment is £1,000 and £100 thereafter. Units may be bought on any business day. Applications will not be acknowledged but a contract note will be sent by the day after the valuation point and payment must be made within four business days of the date of the contract note. A certificate of ownership will be issued within 21 days of payment and receipt of completed application details.

Units may be sold back to the Managers on any business day. Payment will normally be made within four business days, after receipt by the Managers or registrar of the appropriate documentation.

MONTHLY SAVINGS PLAN. Units may also be purchased through the Henderson Investment Builder Account, a monthly savings plan. Full details can be obtained from the Managers.

CHARGES. An initial service charge of 5.25% is included in the offer price of units. Although the trust deeds allow for this charge to be increased to up to a maximum of 7% it is not Henderson's present intention to increase this charge above the current level. On the basis of a 5.25% initial charge and prices (taken at the time

of pricing) of the unit trusts in which we expect to invest, we anticipate that the difference between the minimum bid and maximum offer prices thus calculated will be between 7% and 7.5%.

The Managers will retain any initial charge paid on the purchase of units comprising the portfolio.

An annual management fee of 0.55% of Family of Henderson Funds and Family of Henderson Income Funds and 1.5% on Family of Funds and Family of Income Funds is payable monthly based on the mid-market value of the fund. The trust deeds allow for this charge to be increased to up to a maximum of 1% in the case of Henderson-only funds, and 2% in the case of the other funds after giving three months' written notice to unitholders.

INCOME. Income will be received by the funds net of the periodic charge on units held by the funds.

Dividend payment dates and estimated initial gross annual yields are listed below.

%	Payment Date	Final Interim
Family of Henderson Income Funds	6.00	25/8 25/11 25/2/25/5
Family of Income Funds	4.00	5/10 5/1 5/4, 5/7
Family of Funds	1.25	4/9 4/3
Family of Henderson Funds	1.00	4/9 4/3

Dividend payments will be made either by cheque or credit transfer. Dividends declared by the funds is paid net for a specific dividend equivalent to the basic rate of income and will be accounted for as the Valued Revenue. If you pay tax at the higher rate there will be a further liability, but if you pay no income tax you can reclaim the tax credit from the Inland Revenue. Tax vouchers will be sent to you with each distribution to assist in the completion of tax returns.

You can choose to receive net income payments in further units and fractions of units of the fund. This will be at the offer price ruling 14 days before the income payment date, less a discount of 1.25%. A statement will be sent to you each income payment date advising you of your unit allocation.

REPORTS. Half-yearly the Managers send to all unitholders a report of the recent performance and current prospects of each fund together with details of investments held. The report at each fund's year end (final) will also include fully audited Capital and Income Statements.

TAX ON CAPITAL GAINS. The funds are not liable to capital gains tax on any gains made in buying and selling the investments in the unit trusts in which they invest. Unitholders are not liable to capital gains tax when selling units unless their total taxable gains, net of losses, from all sources in any tax year exceed the annual exemption limit. Gains in excess of the exemption, subject to indexation and any applicable relief, will be taxed at the top rate of the investor's taxable income.

Managers: Henderson Unit Trust Management Limited, 3 Finsbury Avenue, London EC2M 2PA (reg. office) reg. no. 852623 England.

Member of IMRO, LAUTRO and the UTA. Ultimate holding company: Henderson Administration Group plc.

Trustee: Chase Manhattan Trusts Limited, PO Box 16, Woolgate House, Coleman Street, London EC2P 2HD. Member of IMRO.

Scheme particulars are available from the Managers at the above address. Cancellation rights do not apply to investments made in response to this advertisement. This offer is not available to residents of the Republic of Ireland or US citizens.

APPLICATION FORM

To: Henderson Unit Trust Management Limited, Dealing Dept., 5 Rayleigh Road, Hutton, Brentwood, Essex CM13 1AA.

I/We wish to invest in the following:

Family of Henderson Income Funds	£
Family of Income Funds	£
Family of Funds	£
Family of Henderson Funds	£

MINIMUM INTO EACH FUND IS £1,000

at the fixed offer price of 50p per unit and enclose a cheque for £

payable to Henderson Unit Trust Management Limited.

FINANCE & THE FAMILY

Accountants threw out papers

In 1975 I acquired a company by a complicated management buy-out. Ten years later I sold that company and am now in the process of agreeing capital gains liability with the Inland Revenue.

I cannot say from my own memory and records what the actual value of the company was in 1975 when I took it over. I therefore wrote to the chartered accountants who managed the buy-out and handled all the documentation and paperwork and asked them if they would let me have sight of the papers so that my present accountant could calculate the market value of the company at the time. The accountants who managed the buy-out say they do not have their records and cannot assist me.

I feel that it is somewhat irresponsible for a firm of chartered accountants not to maintain records of an important capital transaction which took place only ten years previously. Can you advise me please what remedy I have against them? There is no question of any outstanding fees for them were paid in full at the time.

Unless you specifically asked the accountants to retain their old papers (and offered to bear the cost of storage), we do not see that you have any cause for complaint that they decided to destroy them after seven or eight years. It was surely reasonable for them to assume that, if you had lost your own records of the transaction (or had failed to keep adequate records in the first place), you would have been in touch with them some years ago.

Fully paid pension

In August 1987, I received a letter from the DHSS informing me up to and including the 1986/87 tax year, I have enough NI contributions for 100 per cent of the full rate of basic pension, to be paid when I am 65.

I am 65 in September 1991 and I am continuing in full-time employment and my employer continues to deduct the full NI contribution - notwithstanding the fact that I have completed enough contributions for 100 per cent basic pension (to be paid at 65), as at April 5 1987.

In view of the letter from

O&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered as soon as possible.

at £60,000. His only asset was the building land; that was put up for sale and is in the process of being sold for £25,000. So, his new house will be paid for in his name - with the profit on the land, a bank mortgage of £15,000 and a second mortgage provided by me. He is now virtually penniless.

Does the profit on the sale of the building land rate for capital gains? In the strict letter of the law, it would seem to me that it does but can the tax inspector waive it?

On the bare facts outlined, we expect your son's tax inspector to demand CAGT on the sale of the building plot, rather than income tax under section 76 of the Income and Corporation Taxes Act 1988 (Transactions in land: taxation of capital gains).

Land sale challenge

Last year an aged uncle sold the smallholding on which he lived. Contracts had been exchanged for a third-of-an-acre plot of building land in the country, getting £3,000 from his bank for a deposit on the purchase price of just under £28,000. Planning permission was obtained to erect a prefabricated house on the land. This would have given him a residence for a total cost, including the land, of not much above £35,000. At the time he was working on contract for a company which was supplying his new building.

He completed the sale of his own house last October and, by agreement with the new owners, the family remains there at a rental in excess of £300 per month. But no money from the company employing him was paid after December 1987, despite repeated promises. The crunch came a few weeks ago when the company's cheque finally arrived and bounced. That happened when purchase of the building land had to be completed immediately or be forfeited.

I provided the money to complete the purchase and arranged to acquire another house for him and his family to be what your testator left at

his death. This has a sound basis in law (the doctrine of conversion), but it may not be correct. If the sum involved is very substantial it might be worth challenging the Revenue, but it is far from clear that you would succeed.

Mortgage query

I am being made redundant at the age of 55 at the end of this month. The endowment mortgage on my house of £24,000 runs up to May 1992. While I propose to take the insurance policy in force it would be to my advantage to repay the capital £24,000 to the building society from my redundancy lump sum to reduce my outgoings by about £50. Will it be advantageous from an income tax point of view? I am a basic ratepayer on a pension of about £6,000 a year.

You have to ask yourself these two questions, at least:

1. Can I invest £24,000 to produce a larger net yield (after income tax and CGT) than the net amount of interest which I shall pay (after income tax relief) on the mortgage?

2. Am I likely to need a few thousand pounds to meet an emergency in the next 3½ years? If you repay the mortgage and then have to borrow to meet an emergency, the new borrowing would not have its cost mitigated by tax relief.

On the bare facts, we should be inclined to leave the mortgage to run its course. However, nothing in this reply should be construed as investment advice.

Fair rent' registration

Can you please let me know when a "fair rent" registration comes to an end. Is it when the tenant for whom it was registered moves out or the two years after the registration?

The registered rent under the Rent Act 1977 applies to the dwellinghouse, not to the tenant. Hence property which has a registered rent continues to be subject to that limit after a tenant has moved out and until a new fair rent is registered: this may last more than two years.

GEORGE bids reasonably well, but his dummy play is not of the highest level. During a session of *partie* my first hand was dealt by West, with George in the South seat:

N
♦ 2
♦ A K Q J 3
♦ Q J 10 7 3
W ♦ J 6 4 2 ♦ 8 3
♦ K Q J 10 8 7 ♦ 9 3
♦ S ♦ 10 8 6 4
♦ A K ♦ 10 9 5 4 2
S ♦ 6
♦ A K Q 10 9
♦ A 6 5 4
♦ 7 2

With East-West game West bid one heart, North overcalled with two diamonds, and South said three spades. North rebid four clubs. South gave preference with four diamonds, and North bid four spades, which became the final contract.

West led the king of hearts. South won with his ace, and ruffed a heart on the table. He had nine of spades, we reply.

AFTER THE surprise result,

the inquest, Jon Speelman defeated Nigel Short by a convincing 3½-1½ in their Pilkington Glass world quarter-final at the Barbican Centre, London, and thus moved closer to the supreme chess title than any British player this century.

Short, the world number three, is aged 23 and, before his defeat, was seen widely as the main young Western hope to challenge Kasparov and Karpov. Speelman, the world number five, is a comparative veteran of 31 who had brought off an upset in his previous match when he knocked out the American, Yasser Seirawan.

Commentators pinpointed

Short's defeat at move 10 of game three when he fell for a new move in the Queen's Gambit Declined, launched in the USSR championship in Moscow 1988, ended 10 ... P-K7, 11 BxP, 12 P-KN2, P-QN4; 13 BxP, 14 N-B2, N-N3; 15 P-KN2, 16 N-B2, Q-K6 ch; 17 K-Q2, BxN ch; 18 K-R2, Q-R7; 19 R-R1, Resigns. Instead 10 ... N-K5? (11 N-N, P-KN; 12 Q-P, 13 K-Q2) would have a look.

10 ... B-K2; 11 P-KN4, R-Q1;

12 P-B3, P-QB3; 13 N-Q2, P-K4.

Black's position is grim, and the post-mortem idea 13 ... P-QN4; 14 P-QP, N-KP; 15 N-Q2, 16 N1 with B-KN2 also leaves White on top.

14 P-N5, N-K1? (last chance

N-E4; 15 N-N3, Q-N3; 16 N-P,

17 R-N1) would be set.

The game has effectively lasted only six moves, and White already is winning on material and position.

White: Speelman.

Black: Short.

Queen's Gambit Declined (third game).

1 P-Q4, N-KB3; 2 P-QB4,

P-K3; 3 N-KB3; P-Q4; 4 N-B3,

B-K3; 5 B-B4, 0-0; 6 P-K3,

P-B4.

Black is playing the white side of a Queen's Gambit Accepted a move in arrears, so his entire strategy might be

Bridge

Some hours later this hand turned up, with George once again sitting South:

N
♦ 9 7 6 3
♦ 7 5
♦ 10 8 5 4
♦ A K 6
W ♦ 8 5
♦ K 10 4
♦ A Q 3
♦ 9 6 2
♦ 10 8 4 3
S ♦ 2
♦ A K Q J 2
♦ A 8 2
♦ K J
♦ 7 5 2

With both sides' game West dealt and said one heart. After passes from both North and East South decided to reopen with two spades, North raised to four spades, and that concluded the auction.

When West led the heart king, George thought for a

moment, then suddenly remembered the earlier hand, so he let the king hold. West switched at trick two to the queen of clubs, East dropping the eight. Winning with dummy's king, South returned the four of diamonds, finessed his knave, and lost to the queen. West continued with the club knave and queen, with no way of avoiding the loss of a club and another diamond, was forced to go one down.

"That was not the time to duck West's opening lead," said North. "The position was quite different from that other hand you muffed."

The declarer must win the first trick, then lead the king of diamonds. West wins, cashes a heart, and switches to the club queen. Both South had full control, takes with dummy's king, and leads back a diamond to knave and queen. West plays the knave of clubs, but the 10 of diamonds caters for South's losing club.

It really wasn't George's day.

E.P.C. Cotter

become a true chess street-fighter, a grandmaster of verve and imagination, stoking up complexities and tension.

Can he go still further in the world title race? Quite possibly. Two of the other likely semi-finalists, Timman (Holland) and Yusupov (USSR), have proved brittle under pressure in earlier matches. However, it is hard to feel any optimism about the result of a long

BLACK (7 MEN)

WHITE (11 MEN)
series between Speelman and Karpov or Kasparov.

PROBLEM No. 738
White mates in two moves, against any defence (by F. Fleck). This problem won first prize in a composing tournament and features a rare theme - the white king is in check from the black bishop. White has nine legal moves to escape from the check, but only one of these solves the problem.

Interestingly, Speelman when younger had a similar weakness, but recently he has

Solution Page XIX.

Leonard Barden

WEEKEND BUSINESS

REPUBLIC OF URUGUAY
COMANDO GENERAL DE LA ARMADA
URUGUAYAN NAVY AWARDS
ADVISORY COMMITTEE
The Comando General de la Armada of the Republic of Uruguay issues International bid invitation Nr 324/88 for the sale of Uruguayan navy vessel "Juan a lavalleja" (Clarkson tanker register 1987, Nr 3 p. 161) Tender documents pertaining to this bid may be obtained from the office of the naval attaché to the Uruguayan Embassy in London, 48 Lennox Gardens, London SW1X 0DL, telephone 01 589 8835/589 8836, upon payment of USD 200 (two hundred US Dollars).-

Bids will be received and opened on October 13, 1988 at 0900 am and 1000 am respectively at the Servicio de Buques Auxiliares de la Armada Headquarters, 25 de Mayo 450 Esquina Misiones, in the City of Montevideo.

AGENTS REQUIRED

Earn +/- £725 per week

Company requires a number of persons to market a new service which will produce a high weekly income.

Agents will be required to set up their own office.

To arrange interview contact Mr van de Schiff

or Mr Sieckmeyer.

Tel: The Netherlands 31-072 123059

ESTATE AGENCY
A new business based in Knightsbridge being set up, requires equity investors (working/sleeping). Write Box F343, Financial Times, 10 Canova Street, London EC4P 4BY

Gold button cases of options. Over 200 designs and 1,000 brands to choose from. Wednesday 7th September 1988 at 10am. Designers and sellers from Stamford, 7 Stamford Street, New Bond Street, London W1Y 4BD.

HOTELS & LICENSED PREMISES

Leisure into the Nineties

South West hotel with 20+ rooms and turnover close on £1m. Development opportunities with diversification within an expanding leisure industry. Principals only.

Write Box H348, Financial Times, 10 Canova Street, London EC4P 4BY

CONTRACTS & TENDERS

UNITED REPUBLIC OF TANZANIA
MINISTRY OF COMMUNICATIONS AND WORKS
THE CONSTRUCTION OF KIBITI-SOMANGA ROAD

NOTICE FOR PREQUALIFICATION OF CONTRACTORS

The United Republic of Tanzania has received a loan from Saudi Fund for Development (SDF), Kingdom of Saudi Arabia. The proceeds of this loan will be applied to undertake payments under the Contract for the Construction works for the Kibiti Somanga Road.

The Ministry of Communications and Works hereby invite eligible contractors to apply for the prequalification document.

The invitation is open to contractors who meet requirements of the Government of United Republic of Tanzania and who are not subject to the boycott regulations of the League of Arab States or of Kingdom of Saudi Arabia and also possessing extensive experience in roads and bridges construction. Working experience in Africa will be added advantage.

The start of the project, Kibiti, is approximately 150 km south of Dar es Salaam and the length of the project is approximately 90 km to be constructed to bitumen standard. The road is divided into two sections by Rujifi River but however the Rujifi River Bridge including approximately 6 km approach roads on both sides of the river do not form part of this particular contract.

The Major works included in this project are approximately

- Earthworks 850,000 cbm
- Subsoil and Granular Soils 170,000 cbm
- Crushed Stone base 170,000 cbm
- Double Surface Dressing 850,000 cbm
- Reinforced Concrete Bridges 9 Nos (totalling 180 m) Culvert

The application of the prequalification document should be addressed to

The Principal Secretary
Ministry of Communications and Works
P.O. Box 9423
DAE ES SALAAM - TANZANIA

Not later than one month from the date of appearance of this advertisement.

Agents will be required to set up their own office.

To arrange interview contact Mr van de Schiff

or Mr Sieckmeyer.

Tel: The Netherlands 31-072 123059

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APPEARS

EVERY

MOTORING

Think second hand to dodge depreciation

Stuart Marshall outlines some golden rules to steer the used car buyer away from the sharp salesman

MOTORISTS are divided into two classes. The privileged run company cars. (The only drawback they suffer is a recently increased but still moderate extra tax bill). The others do it the hard way. They pay for motoring out of their own pockets and are natural buyers of used, not new, cars.

Or at least, they should. Look at it this way. Unless you drive more than the national average of 8,000 miles each year, the biggest item in the annual motoring bill is depreciation - the amount the value of your car has gone down since you bought it.

By going for a used car instead of a new one, you automatically escape initial depreciation. This can be enormous, therefore, it is the best thing many buyers think about these days. Delivery of their shiny new cars.

For example, an E registration Austin Maestro 1.5 five-door, then listed at just under £5,100, would be on a used car forecourt today at less than

£5,500. If it had been traded in against a new car, the owner might have been offered around £5,600. A comparable low mileage Ford Fiesta Ghia (28,748 new) would retail today for about £5,700 and be worth perhaps £5,500 as a trade-in.

These figures are, of course, subject to some distortion. I doubt that many a registration Maestros were sold at full list price. And a trade-in price varies according to what new car you are buying or how much discount you are squeezed out of the dealer.

But the principle still applies. When choosing your car, do not squint unduly over the official mpg figures. Think of retained values instead.

Unless your annual mileage is well above normal, the difference between an average consumption of 33 mpg (5.56 litres 100 km) and 35 mpg (6.07) is not going to break the bank.

Whereas a £500 difference in depreciation means that an avoidable £10 a

week (plus the interest you have lost on the capital invested in the car) has gone to the wind.

The best source of data on depreciation is Glass's Guide, a motor trader's bible not available to the public. But any of the monthly price guides on sale at newsagents will repay study before buying a car, be it new or used.

If you are planning on buying a new car, use a guide to check the model's residual values over the past one, two or three years. And if you are thinking of buying a fresh car, not a new one, a guide will give you a good idea of the likely price.

Many people buy a new car when a used one would make more financial sense because they are afraid of being ripped off by a fly-by-night trader. But if this goes about buying a used car, the risk is small. Most of the risks are avoided. The first rule is don't be gullible and try to buy too cheaply.

Unless you know a great deal about

their hounds, it is much better to go shopping for a new car at a big dealership.

I am not saying that the "bombsite" or "under the railway arches" dealer is necessarily dishonest. Some, indeed, may be as straight as a die but I would not buy a used car from any of them. You might save a few hundred pounds and get a gem of a car. Equally, you might make an expensive mistake and be landed with a clapped out ex-fleet car or minicab "clocked" to disguise its real mileage.

Substantial, long-established firms have reputations to protect. They will not want to get involved in any bits of bother with the consumer protection people.

Also, large companies give reasonable warranties against mechanical failure, extendable for longer periods. If you wanted to have a car you fancied examined by the AA (you have to be a member), RAC or other independent engineer, a reputable

garage will not object.

Be wary of cars advertised for sale by "genuine private owners" in local newspapers. I blush to think of the lemons I unloaded in my youth by putting a small ad in my local rag and blinding the purchaser with science.

When you buy privately, you are not protected by the law as you are when dealing with a garage.

The car could, of course, be absolutely genuine and as described - genuine, one owner, low mileage, regularly serviced and so on. Equally, the advertiser is often a small-time, even spartan trader and the car is not what it is cracked up to be.

Finally, what sort of car is best bought secondhand? The kind of car you would have bought new if you could have afforded it. A sensible rule of thumb: If your budget would run only to a brand new basic model, you could find a pristine, low mileage used example of the top of the range model for the same money.

Brotherly looks

AFTER five years of production, the "small" Mercedes 190 has grown up a little. In its first major facelift, the bestselling 190 has been made to look more like its newer, bigger brothers, the 200-300 saloons and the 230-300 CE coupes. As the picture on the right shows, the main recognition features of the new 190 are reshaped front and rear bumpers and colour keyed protective mouldings on the lower body sides.

Changes inside include more legroom for rear passengers, seats belts adjustable to suit people of different heights and, at last, softer seats. They are still not sink-into seats but the less well covered will find them more comfortable and more supportive than before.

For me, the 190 remains the ultimate compact four-door saloon for robust refinement. There are outwardly similar petrol models with a 2-litre, 4-cylinder carburettor engine, fuel injected 4-cylinder 2-litre and 2.3-litre models and a 6-cylinder, 2.6-litre Diesel, which account for one third of production, have 2-litre 4-cylinder or 2.5-litre 5-cylinder engines.

Dipping into the range in

Germany last week I tried 2-litre and 2.5-litre diesels (the

latter turbocharged) with automatic transmission and a 2-litre carburettor engine car with manual gearbox. The 122 hp, 121 mph (195 km/h) turbodiesel was the fastest on the Autobahn, the 2-litre petrol the best handling on winding roads due to its less noseheavy weight distribution.

Next day I dashed from Friederichsruhe to Frankfurt airport in the sporting flagship of the 190 fleet, the E 2.5i6. This now has a 2.5-litre, four valves per cylinder engine putting out 195 horsepower. Its

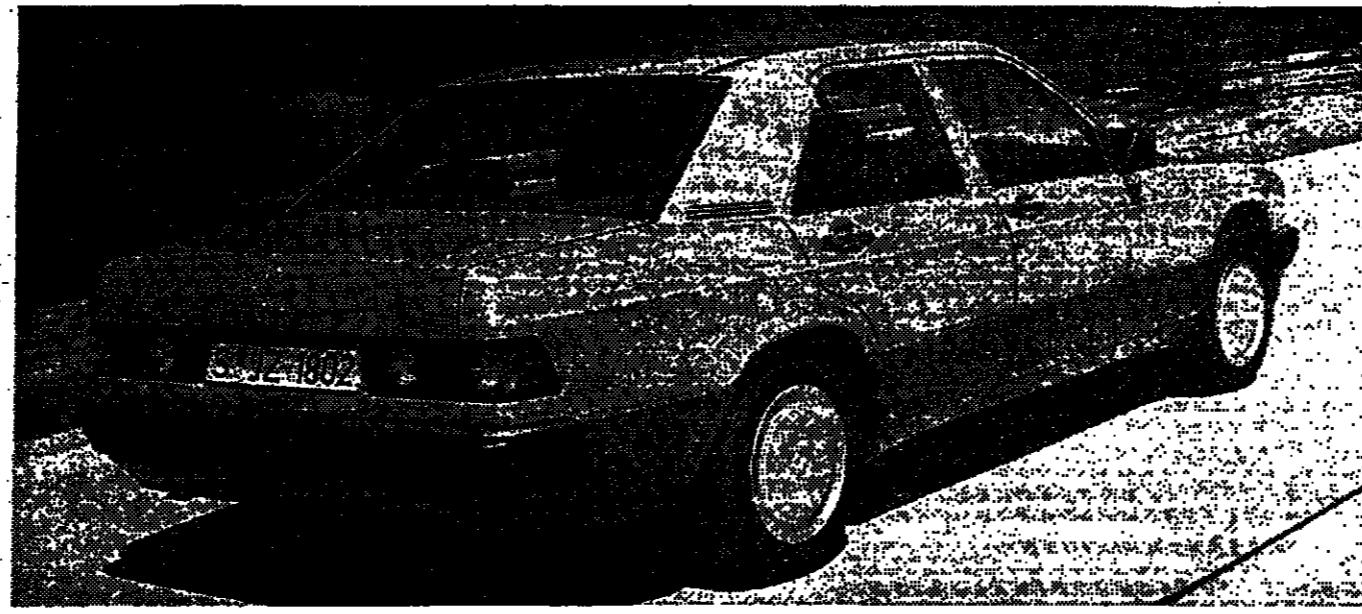
performance was both muscular (143 mph/230 km/h maximum) and useable on the de-restricted but all too often crowded Autobahn.

With ultra-low profile tyres and stiffer suspension, it rides firmly though not harshly, goes obediently where it is pointed and is not

discreetly noisy at 130 mph/210 km/h.

The engine feels solid and unshakable even when taken up to the tachometer's red line to 7,000 rpm. It is a car a Porsche 944 owner might graduate to as the family grows up.

The new cars will make their British debut at the Motor Show, National Exhibition Centre, Birmingham, in mid-October.



Satisfy your driving ambitions

IF YOU crave a Mercedes-Benz or BMW but have a Ford income, all is not lost. It is possible to get behind the three pointed star or the blue and white quartered badge without investing more money than would buy a new Sierra.

Quality cars, always providing they have been properly maintained, grow old gracefully. At 50,000 miles they may

provide better motoring than a lesser car with a tenth of that recorded mileage. Their styling follows automotive fashion far less slavishly and they may still look much the same as their 1988 equivalents.

Mercedes-Benz, BMW and even Porsche dealers in Britain operate approved schemes, mainly to dispose of selected cars they have taken

in part-exchange for new models. Some will be Mercedes, BMWs and Porsches, but others will be of different makes.

The one thing they have in common is painstaking preparation for sale. Professional valeting inside and out makes them look like new. Often the number plate is the only indication they are not new cars. Plus, of course, prices well

below those of current models.

Porsche Cars Great Britain recently launched a "Porsche Approved" programme to allow buyers to insure against the cost of mechanical failure of a used Porsche or other selected make of car. Also, it allows Porsche's own two-year unlimited mileage mechanical warranty on new cars to be extended.

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TRAVEL/DIVERSIONS

Dreaming of a White Christmas

It's downhill all the way for Britain's ski tour operators, says Arnold Wilson

APOLOGIES FOR distracting your thoughts from what is left of summer, but shouldn't you be thinking about booking your skiing holiday? The market is extremely buoyant, or so the tour operators tell us. In spite of last winter's bizarre weather - freaky even by the standards of recent years - skiing holidays are apparently selling like hot apples straight.

The British seem to be eternal optimists when it comes to sport leisure. They know that the snow will be late again this winter, but they will still scramble off in droves to the Alps hoping for a white Christmas.

This year, Christmas - if not the snow - falls on a Sunday. And Ski Thomson, the brand leader, has been rather cunning. It has stolen a march (or is it a December?) on its rivals.

"That way people can be at home on Christmas Day and please mother-in-law, or whoever, and still go skiing over the Christmas period," says marketing manager Mark Wenborn.

"Who wants to arrive in a cold French apartment on Christmas Day not knowing what's going to be open?"

Wenborn says that bookings have been extraordinary, but admits that because of recent uncertainties with the weather, people are booking later and/or at higher altitude. However, Austria - a traditional favourite with the Brits - is still as popular as ever, even though most people realize that many of its resorts, such as Niederau and Kitzbuhel, are embarrassingly low.

Somehow one feels that even if it didn't snow at all in Austria, loyal British visitors would still turn up just for the après-ski.

So, apart from Austria, where to this winter?

France is certain to get a lot of business. Bookings there are growing every year. Exciting resorts such as L'Alpe d'Huez and Les Deux Alpes have captured the hearts of British skiers in recent years, as well as traditional favourites like Courchevel, Val d'Isere, La Tarentaise and Meribel.

Love or loathe the architecture of purpose-built French resorts, skiers know that if there is an early shortage of snow in Europe - as there has been for the last few years - their chances of finding some are better in France than elsewhere.

Andorra is actually outselling Switzerland in holidays booked through travel agents, although Thomson points out that since many Swiss aficionados book their holidays direct, the figures do not necessarily mean very much. Andorra has, however, quite a lot going for it as a cheap and cheerful place to learn to ski. One great advantage is that many of the instructors speak Antipodean, which can often be readily grasped by British skiers.

Switzerland suffers a little because of a reputation for being pricey (it is). But if you have sufficient wherewithal, there is no substitute for St Moritz, Verbier or Zermatt.

Italy, in the doldrums for so long, appears to be making something of a recovery. This is good news for those who want their skiing holidays to be a little more colourful than usual, with the chance of some of that special Italian scenery and those excellent moun-

tain restaurants which the Italians seem to be so good at.

In turn, the US - sought out in desperation last year when decent snow took for ever to arrive in Europe - is selling well again this year. Many of the major tour operators seem to be getting in on the act. Most like Ingolds and Intasun, have played safe and gone for the obvious favourites, Vail and Aspen in Colorado (both offer a week in Vail from around \$550. Intasun has Aspen from \$460, Inghams from \$151).

Snowbird has added Vail's satellite, Beaver Creek, to its menu. I thoroughly enjoyed this resort when I condescendingly skied it - purely out of curiosity - because I happened to be staying there while skiing in Vail.

Thomson is also opting for Vail (from \$418) but has chosen Breckenridge (from \$299) rather than Aspen as its sunning mate. Breckenridge, too, is an agreeable surprise to me. It's an old mining town with many of the original buildings still standing and, what is more, in good repair.

When the mining died, the town almost did, too; its population dwindled to just seven. It was even declared an official ghost town, but has been dramatically resurrected as a thriving and dynamic resort with some very exciting high-altitude skiing.

Club Mediterranee is offering a week in Breckenridge's neighbouring resort, Copper Mountain (good fun, not quite as exciting as Breckenridge - suit improving intermediates), from \$224.

And Hidde Borman is venturing into the spectacular Canadian Rockies (Banff and Lake Louise) as well as featuring Vail, Breckenridge and Snowmass (next door to Aspen and getting bigger and better every year).

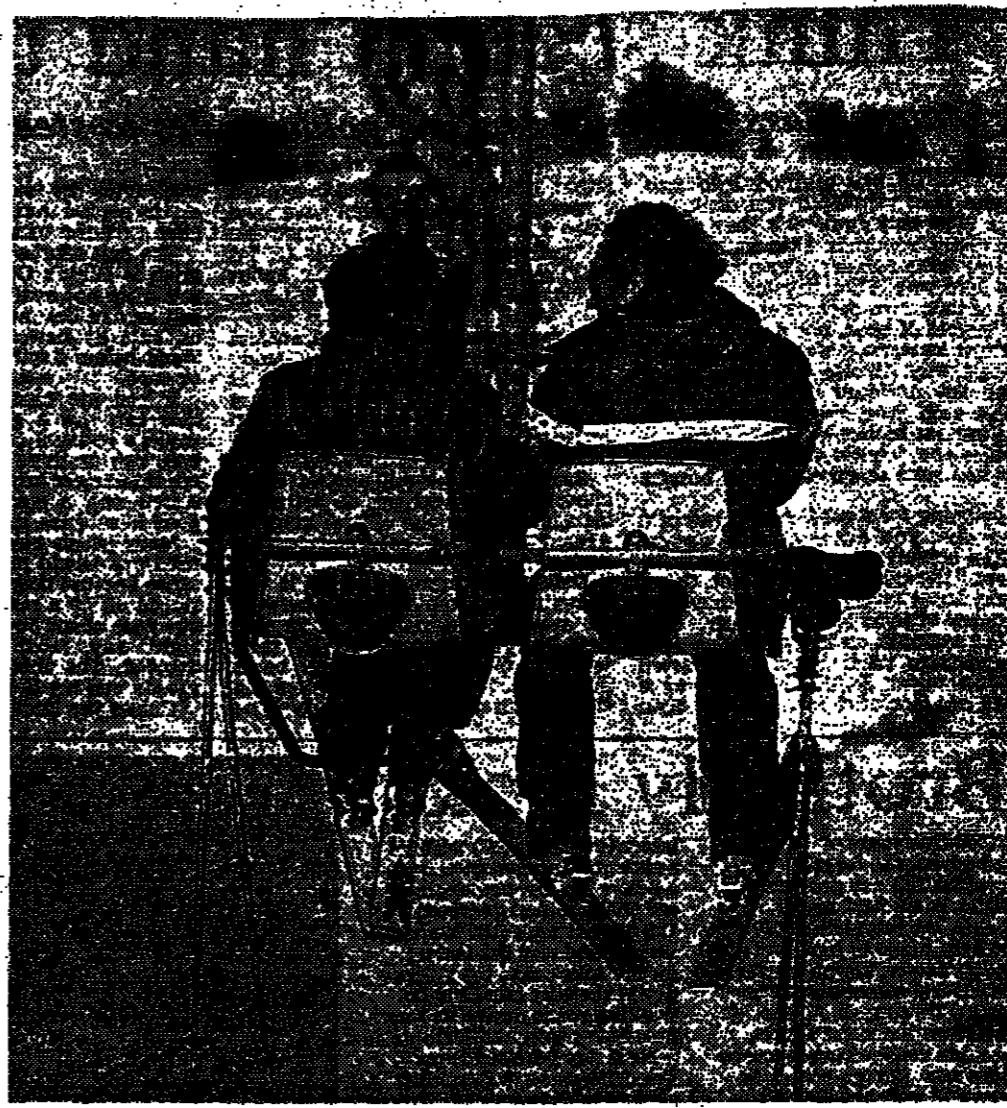
American Dream and Bladon Lines are offering just about everywhere in the American West. Jackson Hole and Snowbird are my favourites, although everyone is beginning to talk about a little-known resort called Telluride in Colorado. And for people (if any) are disappointed by Telluride (across the border in New Mexico) or Sun Valley, Idaho, one of America's first and best ski resorts.

If you are reading this on a sun-kissed Greek island the idea of snow seems totally irrelevant, or obliterated by a desire to give *sunshine* perpetual priority, why not combine the two?

Summer skiing is becoming more and more popular. My favourite location is Kaprun, in Austria, where you can ski on the Kitzsteinhorn in the morning and then switch to a magnificent summer holiday environment after lunch at the beautiful lake beside Zell am See.

Whatever, wherever and whenever you decide, there is little doubt that skiing in 1988 is going to break records.

When Sir Arthur Conan Doyle - the first Englishman to undertake a tour on skis - forecast that the time would come when "hundreds of Englishmen" would visit the mountains for the skiing season, even he could not have dreamed that this strange activity would capture the imaginations and the wallets of so many of his countrymen. UK telephone numbers for tour operators featuring North American ski packages include - US Airtours, 01-552-8888; American Dream, 01-552-1201; Hidde Borman, 01-393-0127; Bladon Lines, 01-785-2200; Ski Thomson, 01-483-8431; Snowbird, 0444-441-300; Club Med, 01-581-1161; Ski Inghams, 01-785-7777; Intasun Skiscene, 01-581-3321.



Up and away at Haute-Nendaz in Les Valses, Switzerland

Keep an eye open for dinosaurs. . .

John Westbrooke roams the Canadian badlands in search of some old bones

WELOCOME TO historic Calgary. Among the ancient buildings recommended by the local guide book is a McDonald's restaurant. It's "the only remaining original-style building in Canada featuring the slanted golden roof and golden rooftop arches that were characteristic of McDonald's outlets when they first opened in the US." It dates from 1958.

Fair enough. In a city which, as Pierre Trudeau commented, looks as if it was unwrapped yesterday, 1958 probably qualifies for a blue plaque. In search of something a little older, though, we went looking for dinosaurs, which took us into the badlands of Alberta.

Driving is easy: long straight roads in a grid like Manhattan's, except that the blocks are 10 miles long. In a hire car with car-crash control, all we had to do was keep a finger on the wheel. We swept past acres of rich brown soil, some ploughed ready for the next wheat crop, others still fringed with leftover snow from the last blizzard of winter.

Here and there are farms and hamlets, some of them home to small religious sects. There are silos and grain elevators and "donkey heads," small oil pumps nodding up and down, and nothing much else but empty roads and long clear views. The badlands aren't really very

bad, but they do make a sudden contrast with the prairies. Ice age glaciers have scoured out canyons up to 350ft deep and a mile wide. Before the glaciers, the land was sub-tropical swamp at the north end of the Gulf of Mexico, and dinosaurs swallowed there.

You can still see some of their remains in the Red Deer River valley, in the Dinosaur Provincial Park, though many of the skeletons unveiled by the retreating ice have gone to museums around the world.

The Canadians have kept enough for the Tyrrell Museum of Palaeontology in Drumheller, about 100 miles from Calgary, which has a huge collection of fossils and reconstructions, tyrannosaurs and triceratopses and so forth, as well as some local boys, Edmontosaurus and Albertosaurus.

Calgary got its start as a Mountie post in 1875, named after the commander's home in Scotland. Alberta never had a sod-busting Wild-West-taming period from supporting pioneering and hunting and trapping it moved quickly to massive grain growing.

Calgary was a cow town for years, still is, as itsivals in Edmonton, though it more recently became an oil town and got rich very quickly. It's most famous for its stampede in July, when everyone puts on stetsons

and jeans and enjoys rodeos and flapjacks. If you plan a visit, book months ahead.

It had hoped to be famous for its Winter Olympics, too, but these weren't a total success. The problem was the chinook, a wind from the Pacific, which loses its moisture as it rises to cross the Rockies, then compresses and heats the air as it swoops down the other side to the plains.

Its warm breath can raise the temperature 20 degrees in 10 minutes, melt a foot of snow overnight, and play havoc with winter sports.

This means that at crucial moments, with the eyes of the world upon you, you may have to start making artificial snow.

But the Canadians enjoyed the games anyway, and you can still buy Eddie the Eagle T-shirts and specimens of ammonite - the official gem of the Winter Olympics.

Like many other Canadian cities, Calgary has a slender observation tower, 625ft high. We went up to have dinner in the revolving restaurant. Downtown is bright and new, skyscrapers rising on oil.

Because Canadian winters can be bitter, there is a series of enclosed walkways called plus-15 (they're at first-floor level, link up) linking many of the buildings, so you can go round the town without going outside. There is even a huge enclosed

garden at plus-45 level, called the Devonian Garden and covering 2.5 acres in a bank building with 15,000 trees and plants.

Further out, the view isn't so natty. What were once elegant city homes and office buildings are now isolated, stranded amid empty lots used as car parks; their dirty roofs never meant to be looked down on.

Further out still, though, boom-town blight gives way to tree-lined suburbs and distant views: the Rockies in the west, halfway to Toronto in the east.

We visited the Rockies, but without much luck: winter lasts a long time there. Skies were still relatively clear in Banff, where a mountain towered up at the end of the main street and Agatha Christie went to cure her neuritis in the hot sulphur springs, but as we drove north along the ice-cold Parkway towards Jasper we had to count ourselves lucky to see as far as the side of the road.

On postcards, Lake Louise looks a deep green, but all we saw was white. "Doesn't thaw out till June," we were told. Still, we were able to go for a sleigh ride around the shore in the dusk and later sit in the hot tub on the roof of our hotel, while snowflakes fell on our heads, two pleasantly romantic experiences.

The moral, though, is that the Rockies, before summer are mainly for skiers. For a country which ranks high on the list of Britons' favourite long-haul holiday spots, there aren't many guidebooks to Canada. We made do with the green Michelin guide, which covers a lot of ground in a small space.

Looking in the Canada section of my local bookshop, I found only titles like *Nixon in the White House*: in books as in real life, the influence of big brother to the south spreads everywhere. In fact, Canada is what Britons expect the US to be. Because, English is spoken south of the border, tourists expect that way of life here. And more like home there. If it's what they're looking for is north of the border.

The Queen is on the currency. You can spend it in Boots or Marks and Spencer or Crabtree and Evelyn. And though the country is officially bilingual, in deference to the French influence in the east, out here in the west it's almost all English. The way of life is familiar as the US way is not.

The train is still a picturesque way of getting through the Rockies, but hire cars are more convenient. The towns are widely scattered but have plenty of motels and restaurants serving huge steaks. Like its neighbour, Canada is a big land. Somewhere out there, somebody is breeding Albertosaurus to make prime ribs for hungry tourists.

Smuggler's paradise

LAST WEEK, I had dinner with a smuggler. The directions, which sounded bizarre, were precise: the sixth fort on the left after the English grammar school for young ladies, half-way up the Khyber Pass.

As I waited for the huge door to open and swallow me up, I could not help noticing the anti-aircraft gun mounted on one of the four watchtowers. Over cocktails, my host explained that his family had a long-standing feud with another tribe since his cousin had abducted one of their women. The score on revenge killings was now four-all.

No one could explain why it was so short-lived with me but a few weeks ago I saw, for the first time, a stem rot which is working havoc with some of the lovely annual lavateras such as Silver Cup and Mont Blanc. The stem damage it was causing looked very like that which had killed my abutions; but no-one seems as yet to have identified it on anything but the annual lavateras and no-one has found a cure or a preventative, although some seed firms are experimenting with dressings applied before the seed is packed for sale.

Friends of smugglers are a way of life in the tribal areas of Pakistan's North-West Frontier province, but the large-scale smuggling of sophisticated weapons and Soviet booty from Afghanistan has changed both greatly. My smuggler friend complained wistfully: "It was far more fun in the old days when enemies often had to be stalked for years with a Lee Enfield. Now, with Kalashnikovs and rocket-launchers, whole families can be wiped out in minutes."

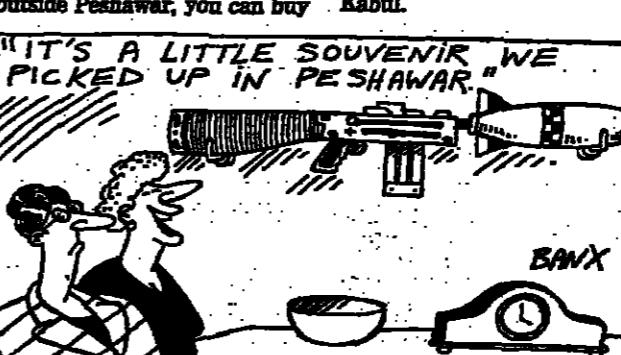
It seemed reasonable. Only that morning, the regional manager of an agricultural credit bank had told me about the difficulties of ensuring that field workers were not posted to areas where they might be shot out of a hand.

Friends of smugglers are a way of life in the tribal areas of Pakistan's North-West Frontier province, but the large-scale smuggling of sophisticated weapons and Soviet booty from Afghanistan has changed both greatly.

It is not just for security reasons that tribal smugglers like my host dwell in forts inside the high mud walls were piles of Soviet refrigerators and microwaves, smuggled from Kabul. The Russians may have lost the war in Afghanistan, but across the border in Pakistan, they seem to have won another major battle.

Prices of the smuggled Soviet goods have undercut the once-popular Japanese items by so much that these are now seen only rarely in Pakistan's bazaars. Few homes are without a Russian air-conditioner. And despite the Islamic prohibition on alcohol, a roaring trade is done in the Soviet vodka known fondly as "Gorbachev."

In the smugglers' bazaar just outside Peshawar, you can buy



anything from Chinese toilet paper to Bulgarian beer, whisky to Mothercare baby lotion, Soviet caviar to Marks & Spencer underwear. Indeed, smuggling has become a complex business. No longer can a self-respecting operator rely on a few miles inland with Afghan cigarettes. These days, smugglers paint government trucks light it out on the highway between Kabul and Peshawar, laden with all sorts of luxury goods.

Several resistance commanders inside Afghanistan have struck deals with the Kabul regime not to block off the road so that they can continue to levy "taxes" on such vehicles. And some of the heaviest fighting between resistance groups has been on the main route between Kabul

and the Soviet Union, which each group wants to control so it can hijack trucks full of goods destined for Russian officers in the capital. Not all the contraband entering Pakistan originates in the Soviet Union. One of my host's latest consignments was a large number of sacks of potatoes marked "Kabul via Karamchi." He was unclear as to whether they had ever reached Kabul.

Reaching their destination is not always easy being a smuggler despite the high returns - my friend would not deal in anything that gave him less than a 500 per cent profit. Ironically, his main complaint is over the widespread corruption, which means he must pay many bribes. As a practising Moslem with a weakness for alcohol, he claims most of his countrymen are hypocrites.

"Ten years ago," he says, "each village had a tiny mosque with a handful of people praying. Now, there are mosques everywhere, full of prostrate people, yet corruption is far worse."

A sizeable portion of the smuggler's takings is earmarked for Customs officials who turn him a blind eye. Being a Customs man has become a highly lucrative job, and in a recent survey at Sanaqchi University, the majority of students listed it as their most sought-after career.

The other major consideration for aspiring smugglers is the difficulty in turning black money into white. My host, among other things, an estate in the United States, a yacht in the south of France and a Swiss bank account. If he gets stuck with too much cash he legitimises some of it by buying winning government lottery tickets at several times their surrender value. The black economy in Pakistan far outstrips the white but, rather than remedy this, the government is considering making life even easier for the smuggler by allowing black money to be invested in industry.

Christina Lamb



The abutilions, which also belong to the mallow family, are a little more woody than these Lavateras but are also uncertain what to do with themselves in winter. In cold, wet places they may die back a lot; in warm, dry ones they may retain all their summer growth. The one named vitifolium (because of its vine-shaped leaves) has for long been the favourite - a tall, rather narrow shrub with saucer-shaped flowers that are white, pale blue or blue-purple at the centre.

It sets seed freely. That saved

from white flowers usually gives all white-flowered plants, and that from coloured flowers a range of shades. But, if you want to be quite certain of reproducing a particular colour, our cuttings must be taken in summer, as for the shrubby lavateras. It is seldom long-lived but usually survives for several years which, in

I LIKE the mallow family and am lucky in having a wild plant in my garden. This is a hardy perennial, about 18in high, with funnel-shaped flowers produced freely in June and July. Almost always they are pink but, very occasionally, a white-flowered one might turn up as a special treasure. They look particularly pretty growing at the foot of a rugosa rose hedge and do not seem to find the competition too great.

There are other mallows, particularly the shrubby kinds, which need a little more care. I grow *Lavatera olbia* Rosea, which is one of the few hardy plants I know that will flower virtually non-stop from June to October. If I wanted to cover something quickly this semi-shrubby mallow is among the first plants I am likely to choose. However, its prodigality can be its undoing. Often, by the end of a flowering season it is exhausted and fades away slowly during the winter.

Like many rather soft-wooded shrubs from the Mediterranean countries, it needs to be renewed frequently in Britain's wet, cool climate. But this is done readily by summer cuttings, the only difficulty being to find any non-flowering shoots from which to prepare them. Every likely-looking stem, even the small ones, seems to be carrying either open flowers or flower buds; but search near the base of the plant and there are likely to be some that have neither.

Gardening
A soft spot for mallows

Arthur Hellyer's choice for a quick cover-up

A year ago, I was given another shrubby mallow under the name *Lavatera olbia* Rosea, and this has been a star performer this summer. It is at least the equal of *Rosa rugosa* in flower production while the blooms - even bigger and better-formed - are of a very pretty orchid pink with a splash of deeper rose pink in the centre.

Another version appeared at a mid-July show of the Royal Horticultural Society. It was exhibited by the Royal Botanic Gardens, Kew, and named *L. thuringiana* Kew Rose. I was puzzled by the name *thuringiana*, which I thought belonged to an herbaceous species, but I am told that this is now considered the correct name for all three varieties - Rosea, Barnsley and Kew Rose - and that the old *olbia* should be discarded.

Another version is that all three are really spontaneous

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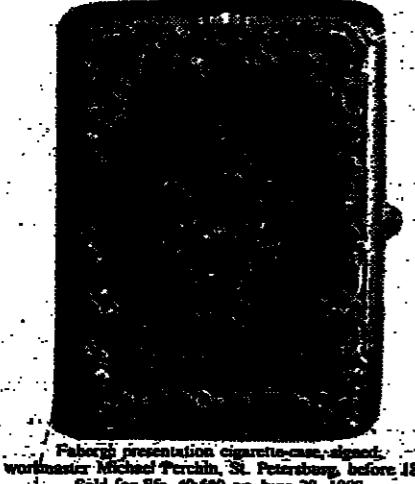
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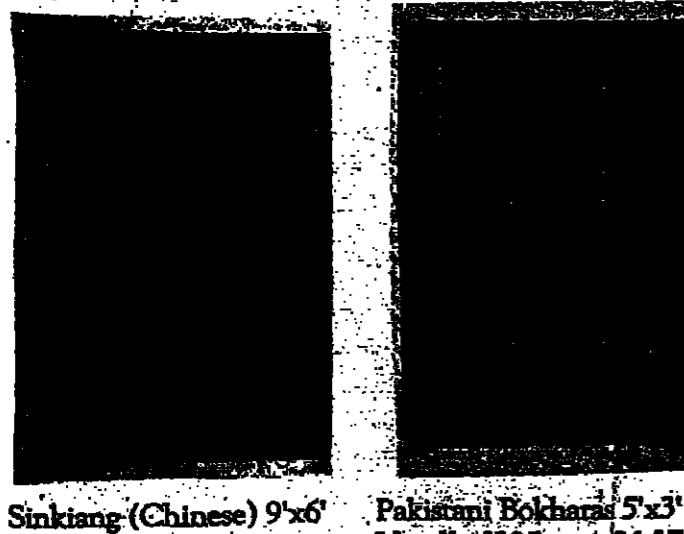
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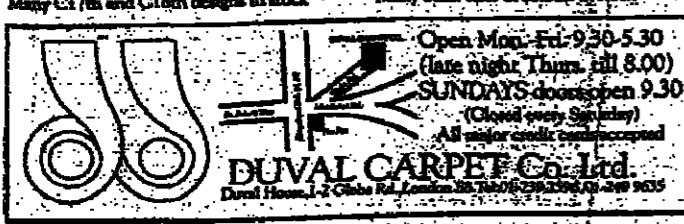
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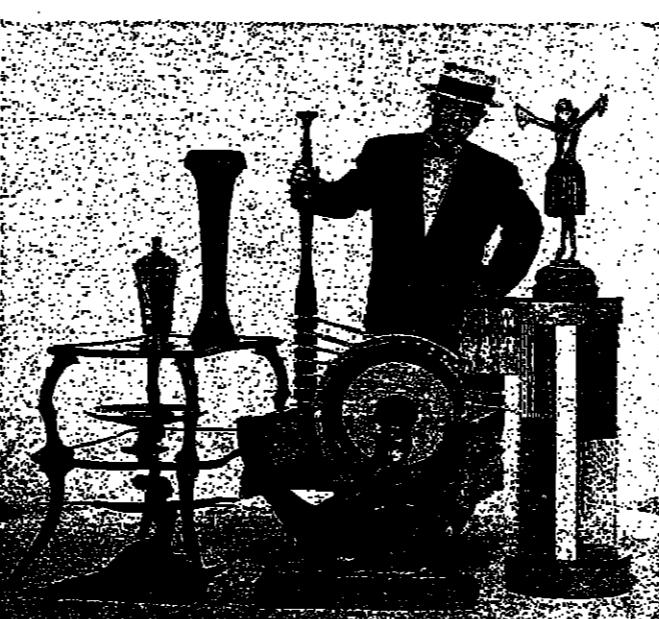
THE SALEROOM season gets off to a sensational start next week when Sotheby's sells off Elton John's collections. The entertainer is having a total clear out, and is certain to be than £3m richer as a result. Sotheby's advanced that sum to secure the auction in competition with Christie's and so great has been the interest aroused - thanks in part to a controversial preview of the choicest items at the Victoria & Albert Museum - that he can expect a considerable top up when the bidding has finished.

He hardly needs the money. It is just that after almost 20 years he is bored with his taste which, in its ornateness and flamboyance, many people would have found difficult to live with for more than ten minutes. Elton has already started to form a second collection, paying £24,000 twice over at Sotheby's breakthrough Moscow sale in July of Soviet contemporary art. He is obviously once again buying unfamiliar works before they become generally appreciated.

The heart of his first collection is art nouveau and art deco which began to acquire in the early 1970s at a time when the artifacts of these periods had just been accepted as things of beauty and an investment joy for ever. Other pop stars, such as Rod Stewart and Elton's lyricist Bernie Taupin, were also avid collectors and they undoubtedly contributed to the rise in price of art nouveau and art deco.

But in recent years the attraction was beginning to pall: it was also impossible to move around Elton's Windsor home without knocking over a Galle vase or a Chiparus figure. So now they are all going. Phillipine Garner, who has catalogued the art nouveau and art deco, reckons it is one of the best groups assembled, and should make well over £1m on Wednesday. "It is not didactic, the kind of collection that has been built up by pouring over the historical records and wanting the rarest academic items. It is a collection put together by someone who delights in the extravagant decorative appeal of art nouveau and art deco". All the big names are represented, apart from some of the French designer craftsmen of the 1920s who, by coincidence, appealed to the creator of another famous collection dispersed this year - that of Andy Warhol.

Garner has fixed his estimates with no added premium for Elton's reputation. This means that many lots will go



Elton John with part of his collection

The end of an affair

Elton John to sell his art deco collection

pushed close by a Morris & Co carpet from Merton Abbey.

Elton acquired many of his purchases at auction and was usually prepared to out-bid the market. This makes for interesting price comparisons. For example serious collectors will be keen to buy objects formerly owned by Martin Battersby who was instrumental in establishing the artistic credentials of art deco. Elton paid £200 ten years ago at the Sotheby's Battersea dispersal for a Marcel Renard female nude figure, which now carries an estimate of £300-£500. From the same auction a D'Argyl silvered bronze mounted earthenware vase of around 1926, which cost £220 a decade ago, is forecast to make between £300 and £500.

There is an unrivalled array of figures of the 1920s of prancing girls by all the great artists, such as Pries and Chiparus, and two examples of the rare Zach black patinated bronze and ivory figure, "Cigarette Girl", one of which carries a top estimate of £15,000. The highest price, in excess of £50,000, is likely to be paid for a salon set of five items of furniture of the 1920s with Aubusson tapestry designs by the artist Raoul Dufy. It will be

auction rooms. Often, as at the Christie's sale in Monaco in the early summer, the demand was nowhere near the expectations of sellers. There should be no problems with the Elton John sale: his name will add that extra bit of glitz to an incurably romantic market.

Even so some of the estimates seem extremely modest given the comparative bonyancy of demand in 1974. Elton was big about Bugatti, paying £5,500 for a table of around £500, but it is estimated an estimate of £25,000-£35,000 suggests a substantial fall in value in real terms. A better investment was the £10,000 he paid for a Tiffany peacock lamp, now estimated at up to £50,000. But as in all auctions involving star names, the excitement of the chase could make the salerooms' forecasts seem weirdly awry.

■ ■ ■

The Elton John sale, together with the auctions of pop memorabilia already held by Christie's and Phillips (and Sotheby's coming up on September 12th), have added some excitement to what is traditionally the quietest time of the year in the antiques business. Some dealers, such as Norman Adams, have traditionally found August one of the best selling months. But that was when the Americans were over here *en masse*, and desperate

for English furniture. This year, with fewer Americans, the London trade, at least, has marked time.

This will start to change this weekend with the London Antique Dealers Fair at the Cafe Royal until Tuesday. Dealers short of stock will have raided the fair on Thursday, its opening day. But with 50 stands there will be plenty left for the public. The fair is vetted for authenticity - something of a rarity these days - and is traditional, keeping to the 1830 cutoff date for furniture. Most of the dealers concentrate on furniture, including two offering Swedish antique furniture which, after the popularity of Scandinavian pictures, could be the next cult.

In general, while there is spare disposable cash sloping around, antique dealers can expect to do fairly well, especially if offering decorative items which furnish homes. But ominously, the past year has not been as good for them as the state of the economy would suggest. Perhaps the British are just die-in-the-wool Philistines.

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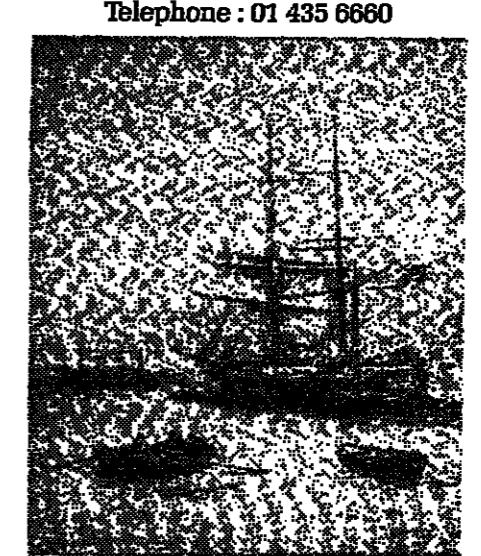


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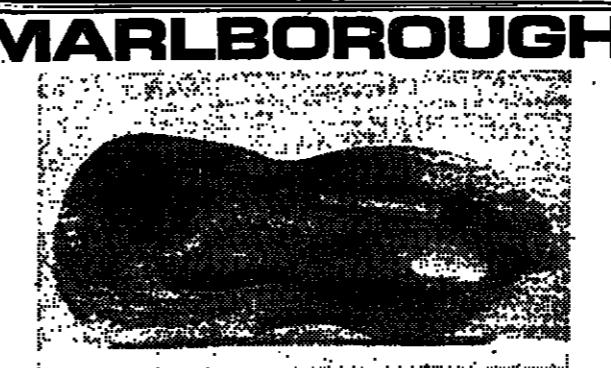


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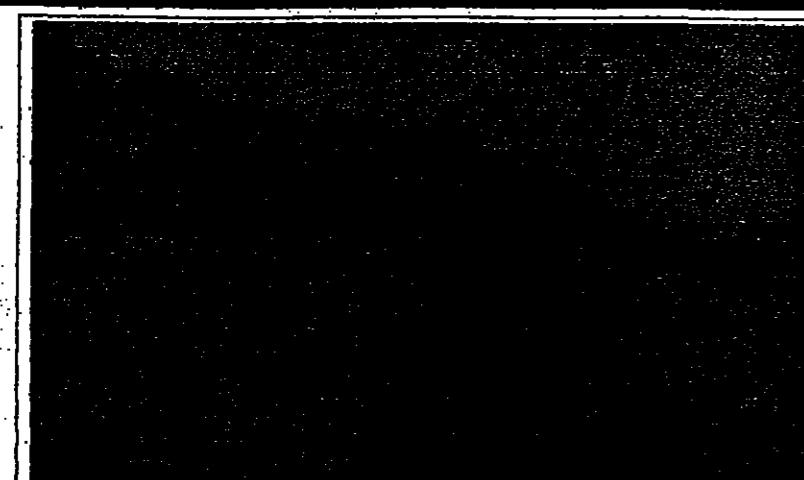
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Joint Agents: Jessop Associates. Tel: 01-789 8099 and Savills, London. Tel: 01-499 8644. Contact: Richard Page.


SUSSEX — Fishbourne

West Sussex, Nr. Chichester

Chichester station 1/2 miles, Arundel 12 miles.

Fine manor house dating from the 16th century.

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Savills, London. Tel: 01-499 8644. Contact: John Coburn.


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Joint Agents: Young & Gilling, Cheltenham. Tel: (0242) 521129 and Savills, Banbury. Tel: (0295) 3535. Contact: Michael Clark.


SOUTH NORFOLK — Hedenham

Norwich 13 miles, Beccles 9 miles, Bungay 2 1/2 miles.

Magnificent Grade I listed Elizabethan manor house with fine views over Hedenham Park.

5/6 reception rooms. Domestic offices. Cellarage. 8 main bedrooms, 6 bathrooms, 3 further bedrooms. Extensive second floor rooms.

Oil central heating.

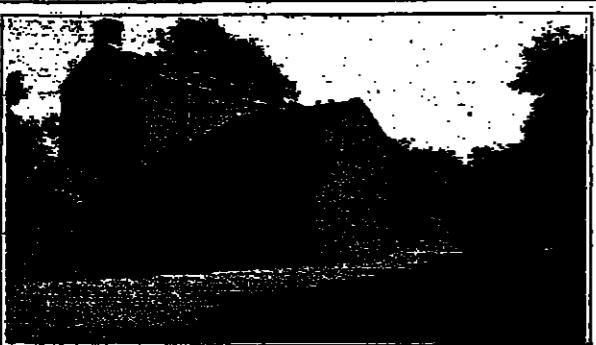
Coch house. Period cottage with 3 bedrooms.

Extensive outbuildings. Gardens and grounds.

About 6 acres.

Region of £600,000.

Savills, Norwich. Tel: (0603) 612211. Contact: Jeremy Carlson.


OXFORDSHIRE — Swerford

Banbury 10 miles, proposed M40 12 miles, Chipping Norton 8 miles, (Fiddington 60 minutes).

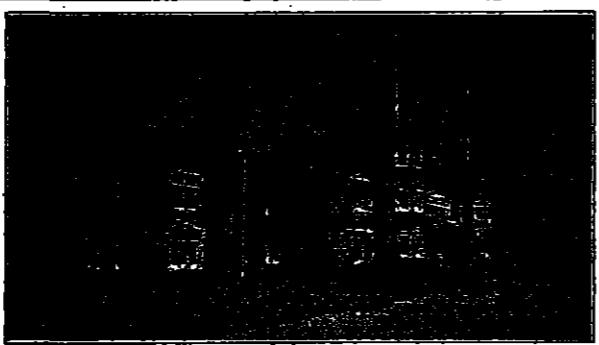
Totally secluded country house cleverly incorporating period and contemporary features with panoramic views over unspoilt countryside.

3 reception rooms, 4 bedrooms, 2 bathrooms. Barn/garaging. Gardens and spinney.

About 2 1/2 acres.

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Savills, Banbury. Tel: (0295) 3535. Contact: John Lowe.


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16th century castellated manor house substantially rebuilt in the 19th century.

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For sale by auction on 12 October 1988.

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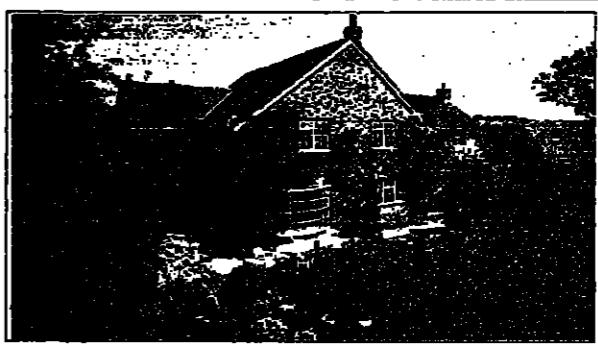
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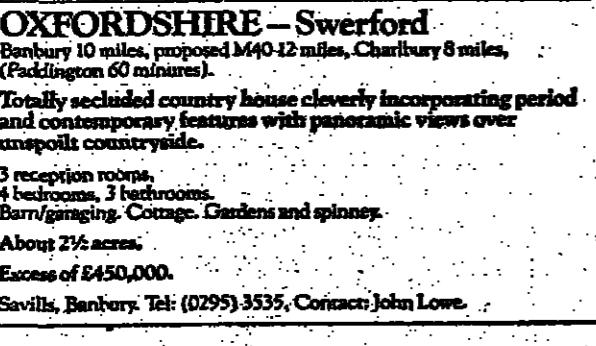
4 reception rooms, 5 bedrooms, 2 bathrooms and shower room.

Heated swimming pool, 2 barns with stabling and garaging (one suitable for conversion subject to consent), further stabling.

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About 8 1/2 acres.

Joint Agents: Ian Judd & Partners (04893) 6422 and Savills, London. Tel: 01-499 5644. Contact: Richard Taylor.


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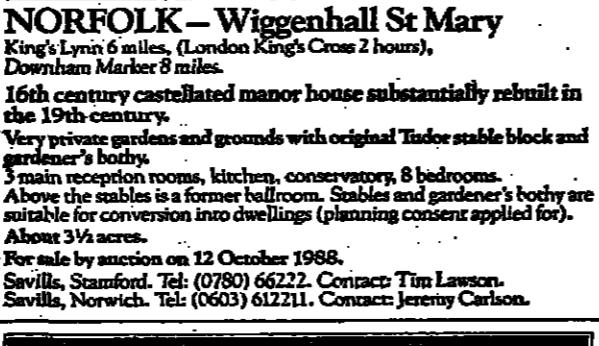
Impressive reception/dining hall, sitting room, conservatory, kitchen/breakfast room, utility room, cloak/shower room, 4 bedrooms, bathroom.

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Savills, Salisbury. Tel: (0722) 20422. Contact: JoAnne Archer.


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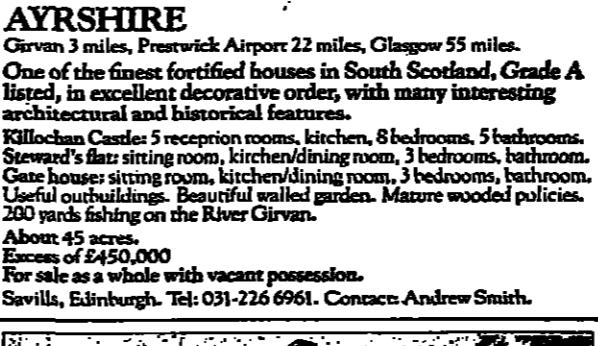
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Savills, Stamford. Tel: (0780) 662222. Contact: Yvonne Saybroska.

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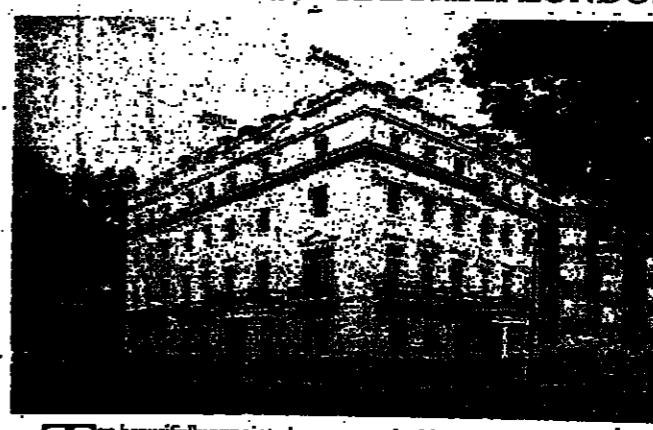
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July, 1988

PROPERTY

'Inheritance generation' of sun seekers

Audrey Powell wonders what reasons people have for investing in overseas property

THE Portuguese Chamber of Commerce in London published *Buying Property in Portugal* last year, but it has sold some 10,000 copies.

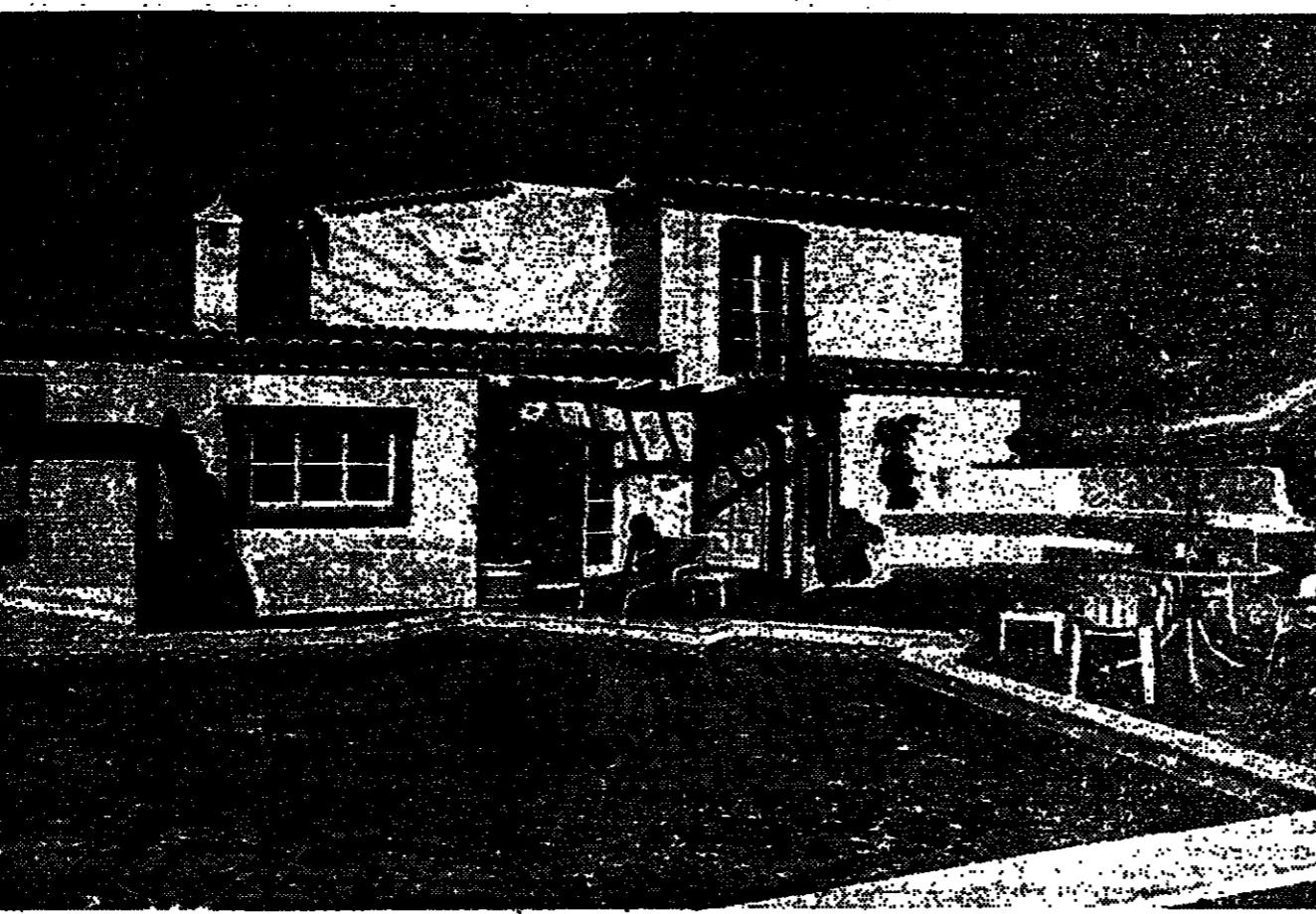
It does not suggest that all those UK purchasers of the book (£5, including postage, from them at 1 New Bond Street, W1Y 9PE) have rushed down to the Algarve snapping up holiday homes. But presumably they were interested in the idea.

Why do people buy a property overseas? A Kent woman with one on a Mediterranean island, said: "I must have thought of it every day since I bought it. It wouldn't have been nearly as much fun buying a property in this country." And a London chartered surveyor, who sells homes in the sun, isn't looking forward to European barrier-removing in 1992: "People like the spice of danger in buying in another country," he says. When everything is computer-organised it will not have the same romance and glamour.

It is interesting to note how reasons for buying abroad have changed. Once it was only the wealthy who bought — for health or winter sun. But with air travel and mass tourism a wider market was discovered, and pounced on: cottages at giveaway prices on the Mediterranean coast. Developers got the message, and ran up blocks of inexpensive flats in what were fishing villages for these seekers after summer sun. Others bought them as retirement homes.

Such properties aren't cheap any more. But there is still a considerable market, although there is less impulse buying and fewer organised inspection trips. Purchasers and properties are more sophisticated now, and the Channel tunnel is creating a new market. French Associates, in Robertsbridge, Sussex, sold 10 properties around Boulogne to Bruxelles in 12 weeks recently at an average price of £30,000, starting from £15,000.

Investment was always a reason for buying overseas, and after last year's stock market crash the number of Britons purchasing in Common market countries increased as they sought a safer niche for savings. Indeed, financial services group Allied Dunbar has just brought out *Your Home in Spain*, and a similar book on



Villa at Four Seasons Fairways, Quinta do Lago on the Algarve

Portugal in its Money Guide series (Longman, £4.95 each, from major bookshops).

A new breed of buyers is the "inheritance generation," who, already owning homes, inherit properties from parents who in the past might only have received. Some of the money derived will certainly go on getaway places in a "quiet climate".

With today's trend in mind they may plump for a project offering activity holidays. While early developers may have added a swimming pool to their towns of flats, in 1988 their successors include an ever-widening spread of leisure and fitness facilities.

At Miraflores, east of Marbella on Spain's Costa del Sol, there are already 16 swimming pools, five tennis courts and a bowling green for its flat and villa owners. Now apartments are being built on the beach-

front, and water sports will be added.

Behind, where the scheme will spread towards the mountain foothills, there will be a lake, riding, and an 18 hole golf course with a golf academy, which company chairman Ol Sigurdsson claims will be the first of its kind in Spain. Out of 100 people who start playing, 85 stop within three months and ten more within a year, he says. They feel embarrassed, as beginners, on normally highly-qualified courses. His academy will be floodlit and they can spend as long as they wish getting practice.

He encourages the renting of the properties — some amid a jungle of greenery — for holidays. That, he believes, gives people a true feeling of what a place is like, and many who rent, then buy. A typical studio, as large as many one-bedroom flats, with a grey and white split-level marble floor, bathroom, concealed kitchenette and patio or balcony looking towards the sea, is £40,000. The choice of freehold properties goes up to £150,000 for a three bedroom villa.

With a chairman who is Icelandic, sales offices in Copenhagen, Brussels, and Paris next year, the atmosphere at Miraflores is understandably international. Its UK office is at 116 College Road, Harrow, Middlesex HA1 1BQ.

In the Algarve earlier this year, staff at the Four Seasons Fairways project at Quinta do Lago were saying wryly that the "unseasonably" overcast weather had its advantages. People lost interest in the beaches and wandered into the development looking at literature and show houses, perhaps thinking that a holiday property on an estate alongside a golf course, with a clubhouse

and indoor and outdoor sports facilities, was better than a hotel room when the sun disappeared.

This is the second Four Seasons development in the area, by Dublin-based McInerney Properties. A third is under way at nearby Vilamoura. All offer a choice of apartments, villas, prices and buying options. You could purchase a three-bedroom villa outright at Fairways, for £204,000. Alternatively you could occupy a similar one — but fully furnished with its own pool — for about £120,000 for six months annually, in perpetuity. There would then be a maintenance charge of around £4,200, to include maid service, linen changes, furnishing replacements... Or, again, you might buy an annual two-months' use of the property, with perhaps part rotating — or other variations.

It is, of course, a form of timeshare, though the dreaded word is never used. The company sees it as the ultimate in flexibility. Their office is at 140 Tabernacle Street, London, EC2A 4SD.

A tax haven is another reason for seeking a home out of Britain. Many once popular havens across the Atlantic are out of favour, but the Channel Islands are always "in." If you, yourself, can get in, that is.

In the largest island, Jersey, income tax has remained at 20 per cent for 40 years. There is no VAT, capital gains tax or inheritance duty. Such is its popularity in just over 80,000 and the States of Jersey (its representative assembly) thinks that is enough. So if it limits the number of settlers, will neither family nor work qualifications to live. It has been called "the most exclusive club in the world."

The terms, though not inflexible, are somewhat onerous. Applicants are expected to have £3m plus in assets, and an annual income of over £500,000. First hurdles passed, you still have to be accepted by the States Housing Committee. That tends to favour those with some special attribute, apart from cash, which might benefit the community. Last year it chose from about 20 serious applicants. But one senses that the figure of five may soon be slightly relaxed (for years it was 15-20).

An acceptable applicant must then buy a home priced above the level of the local market — say £250,000 or more. Hamptons, this year celebrating its 30th year of estate agency in Jersey, has plenty of suggestions. "A substantial gentleman's residence" with views over the bay, seven bedrooms, staff accommodation, pool and four acres at £250,000, for instance. Or a pink granite house in three acres, with vast music room and gallery, numerous reception and bedrooms, and pool, for £125,000. Or a white period house with four reception rooms, billiard room, lift to the range of bedrooms, two swimming pools, in 15 acres, £2,500,000.

Incidentally, should you still think of Jersey in terms of agriculture and tourism, it now has 35 estate agencies, 52 banks and is probably the largest banking community in Europe.

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For details of these and other properties please contact:

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DIVERSIONS

Lucia van der Post checks out the latest rugged realities...and inspects the best of design student offerings

Stars in an up-dated floorshow

IF YOU have inherited a houseful of antique rugs you are lucky indeed. Anybody faced with bare wooden floors and with a hankering for such things can find that prices for most things old and fine are beyond the reach of all but the Porsche set. Partly it's that old enemy of the less than well-heeled, "supply and demand," and partly it's the fact that the supply of the old and fine is by definition finite, while the population with the taste for such things continues to grow. Even the ones looking down-upon kilims (so looked-down-upon were they that the old rug dealers used to use the kilims to wrap and protect the more valuable pile carpets) have become sought after and their prices are rising faster than houses.

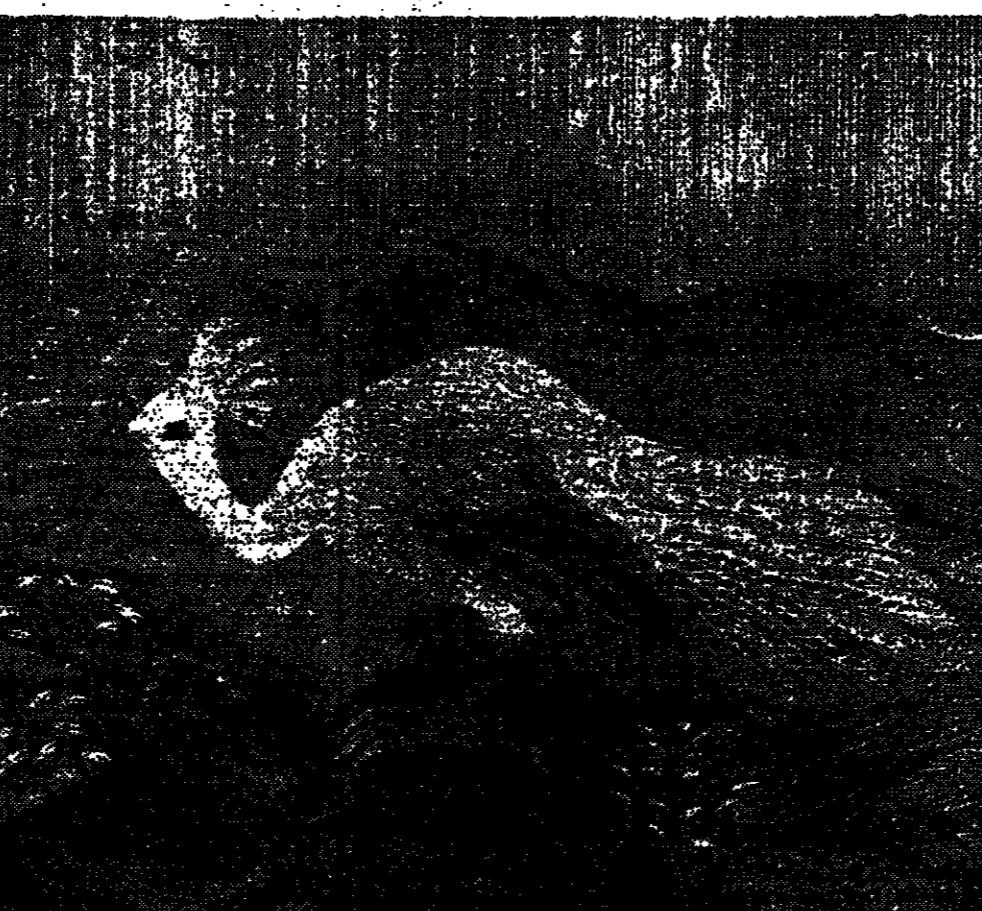
Because it is now hard to find real old pieces of quality

Bikane. You can have your rug cleaned, mended and valved and he'll track down specific designs for private clients or decorators to outfit a given colour scheme. "This shop," he says, "is about everything that I feel is beautiful."

Though he loves fine old antique rugs and always has a good selection of them, he saw the way the market was going and knew that very soon the world would run out of stock so, he has tracked down reliable and trustworthy manufacturers in Turkey who produce modern rugs within the old tradition. The first thing was to make sure that no gaudy synthetic colours were used. He went to the old mountain villages outside Izmir, and took with him two of our brightest young textile designers, Sian Tucker (responsible for the bright new Conran Shop carpet) and Kate Blee and a steady collaboration has now been set up. The first new rugs are already in the shop but the best of the designs won't filter through for another eight or nine months.

Besides new, modern rugs he is also working with producers to make available new kilims made entirely in the old tradition, out of vegetable dyed wool and hand-knotted so that each has the authentic individual look. This makes perfect sense given the huge prices and the shortage of the genuinely old. The sort of kilim today sells for about £700. If of a certain age, he will be able to sell from the modern range at between £400 and £500. These, too, are going to take a little while to filter through.

Christopher Farr also detects a huge new demand for needlepoint rugs and for rich floral kilims so these, too, he now sells - old ones when he can get them for those who can afford them (a fine Aubusson now is beyond the reach of all but the seriously rich) and modern variations from places like Poland, China and Portugal. Because the work is so intricate



Detail from Birds and the Old Tree - a woven tapestry picture by one of the children working at the famous Wissas School in Egypt. Christopher Farr always has a selection of their work.

even the modern ones are not cheap - he has, for instance, an imposing deep floral needlepoint rug from China (5ft by 4ft) with a dark background which sells for £3,000 while a smaller one (5ft by 3ft) from Portugal, rather finer, is £2,000.

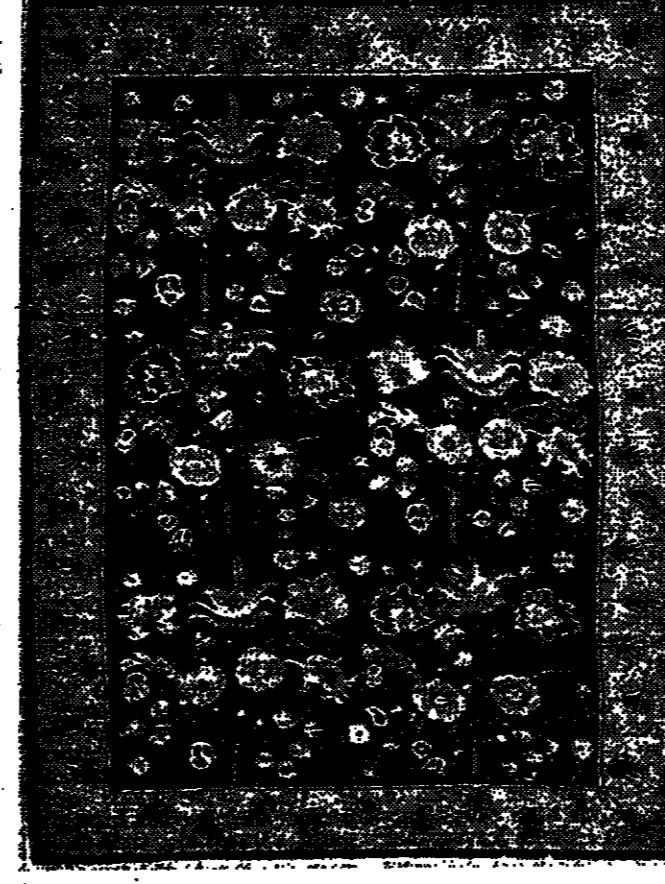
For those who fear that buying new means that your investment is gone for ever, fear not. According to Christopher Farr, fine new rugs, for all the aforementioned reasons, will go on increasing in value and he himself will always let any customer exchange any rug at any time. Furthermore, after three years he will guarantee to buy back a good modern rug bought from him if the customer has taken care of it - at worst at the price the customer paid and at best, depending on the circumstances, for more than was paid.

In the meantime, if you are

faced with bare wooden floors and a current account depleted by mortgage payments, you could cover those floors very attractively with his richly colourful Punjabi dhurries. No two are the same, all are full of character and all have some genuine age to their name - at prices starting at £50 a time and averaging out at about £100 you really could hardly go wrong. And if your floors are already full he always sells a

selection of the charming tapestry pictures woven by teenagers working in the Egyptian village of Harrania in the Nile Valley. Now internationally famous, the tapestry pictures are a sheer delight. They are not cheap, selling at between £150 and £400, but they are unique.

Christopher Farr is at 115 Regents Park Road, Primrose Hill, London NW1 8UR (Tel 01-586-0634).



An old Bessarabian rug - now sold but typical of the sort of rugs to be found at Christopher Farr.

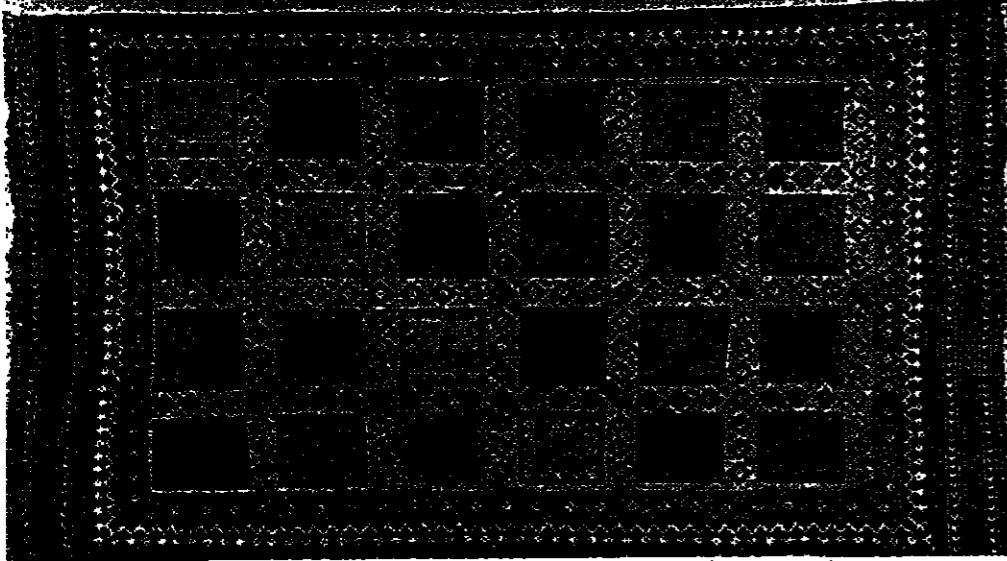
HOW TO SPEND IT

and because, anyway, not everybody can afford them, enterprising rug dealers have been forced to try and meet demand some other way. Some have decided to work with manufacturers in the traditional carpet-making countries like Turkey, using fine vegetable-dyed wool and harnessing the old skills that are still there in the villages.

Christopher Farr, though he has been in the world of rugs for several years, has just set up shop in London's Primrose Hill, where he hopes to be a kind of rug-lovers haven. You can spend anything between £50 for a colourful (and old) Punjabi dhurrie and £50,000 on an amazing yellow and green dhurrie that is rumoured to have graced the floors of the palace of the Maharajah of

all manner of things.

Carpets, carpets everywhere at Christopher Farr.



Carpets, carpets everywhere at Christopher Farr.

Cut to the quick at suppertime

Chop chop: Philippa Davenport looks at meals which can be rustled up at short notice

HOW TO rustle up meals quickly is a subject dear to the hearts of most cooks, although the recipes given here are not instant. For really fast foods, you can't do better than crack into some beautifully fresh eggs or lay king prawns; several spoonfuls of sunflower or peanut oil; a small knob of fresh root ginger; one fat garlic clove; at least half a dozen spring onions.

Chop the ginger and garlic very finely. Slice the spring onions and reserve separately. Put some plates and a loaf of good bread to warm in the oven.

Cut the head off each prawn if the fishmonger has not done so already, then use scissors to cut through the soft shell down the length of the underbelly. Choose a heavy-based pan large enough to take the prawns in a single layer. Pour a good shot of oil into it. Add the ginger and garlic and warm slowly over very low heat for a couple of minutes to promote the oil. Then turn up the heat and when hot add the prawns. Fry them just long enough to cook the flesh right through and to pink and crisp the shells.

Put the prawns onto the warmed plates. Add the spring onions quickly to the pan and let them wilt. Tip the contents of the pan over the prawns, scraping with a spatula to get every last drop of the flavouring oil. Add a splash of soy sauce, if you like, and serve immediately with the hot bread and a salad of (unpeeled) sliced banana dressed with a spoonful or two



FINNAN HADDOCK WITH CORN, TOMATO AND BASIL

(Serves four)

Two plump fillets of haddock, 1lb 10oz; two tender young heads of sweet corn; generous 1/2 lb of plum tomatoes; a bunch of tarragon; 1/2 pint of cream; a little butter, and lemon juice.

Put the fish into a pan. Pour on enough hot water to cover generously. Bring to the boil, put on the lid and set aside for about seven minutes. Drain and flake the fish. Skin the tomatoes, seed them and cut the flesh into chunks.

Strip the papery sheaves and scrape the corn from the cobs. Serve on very hot plates with plenty of good bread.

and scrape them with a knife. Scrape roughly so that the kernels begin to break up milkily as they fall from the cobs.

Gently mix the corn, tomatoes and fish together with a splash of lemon juice, very little salt, a generous grinding of pepper and some fresh torn basil leaves.

Turn the mixture into a buttered gratin or baking dish. Pour on the cream and shake the dish to encourage the cream to slither down between the layers.

Half-cover the dish with a sheet of foil and cook on a pre-heated baking sheet at 400F (200C), Gas Mark 6, for 12 to 15 minutes until hot, fragrant and bubbling a little at the edges. Serve on very hot plates with plenty of good bread.

PORK WITH SAGE AND MARSALA (SERVES TWO)

Eight ounces of pork tenderloin sliced into quarter-inch slices and trimmed of any fat or sinew; three to four sage leaves, shredded into thin strips; three to four tablespoons of marsala and the same of syrupy beef glaze; 1/2 ounce of butter; plus one or two tablespoons of olive oil for frying.

The secret of the dish lies in the stock. It needs to be very concentrated, boiled down to a syrupy glaze. The whole dish takes only three to four minutes to cook and is then left while you eat the first course.

Cook the pork slices briskly in a heavy pan in which you have melted the fat until very hot, adding the sage halfway through. They will need only a minute each side and you will have to raise the heat slightly to keep them cooking briskly.

Remove to a warm plate, deside the pan with marsala and bubble until almost reduced. Add enough concentrated meat stock to form just a little syrupy sauce, bearing in mind that the juices from the meat will dilute it down. Return the meat to the pan, heat through and turn the pieces over to coat with the sauce. Taste - it could need an extra dash either of marsala or stock.

Transfer to a heated serving dish and keep warm, covered, in a low oven or on a warming tray to allow the meat to relax and the juices to mingle with the sauce for a few minutes. Serve with rice. Spinach makes an excellent accompaniment.

The cream of our graduate talent

ANYBODY interested in what our younger designers are up to should make a point of taking in the latest enterprising exhibition at Aram Designs. Called simply Ad Graduate Exhibition '88, it offers the cream of students' work, chosen, organised and gathered by Zeev Aram and his colleagues, from all the top design and art colleges in the country.

Zeev Aram has felt for years that though the colleges are filled with talent, hardly anybody busy and influential could possibly find the time to go round all the degree shows. He and his team have therefore done all the hard work for you. They have slogged, personally and at endless cost in both time and money, round the degree shows of 85 colleges. They have viewed and sifted and discussed. From them they have chosen the work that they think is the best and finest.

They are some wonderfully dramatic and inventive hats - all interwoven and quilted - by Julie Rooker from Loughborough. Barbara Siddon, from the same college, has some fine original and intricate work, quilling, pleating and stitching with various threads, muslin and cotton. Paul Taylor from Leicester Polytechnic has produced some simple inexpensive tools - for the indoor gardener. They are very cheap, easy to use and to wash - important for the indoor gardener with a tiny flat - easy to stuff away in the drawer when not in use.

William Holder from Middlesex Polytechnic breaks a few barriers with his innovative chair while Mark Holden from the South Glamorgan Institute

of Higher Education has rethought the simple matter of the everyday grater and come up with a version that looks wonderfully user-friendly.

Zeev Aram and his team were looking for originality, creativity and real quality. He has long been a very respected figure in the design world with an eye and a sensitivity to creative work to be trusted. So I urge those interested in design to go along and view the work and I particularly urge anybody who could do with some young design input in their field to take the chance to see the best work of this year's graduates. Zeev Aram hopes to make it an annual event - no longer will the seekers of talent have to flog all around the country to make sure of missing nobody good - a quick trot along to Kean Street will give them the best of the bunch.

The exhibition is on from September 7-30 and is open from Mondays to Fridays from 9.30 am to 5.30 pm.

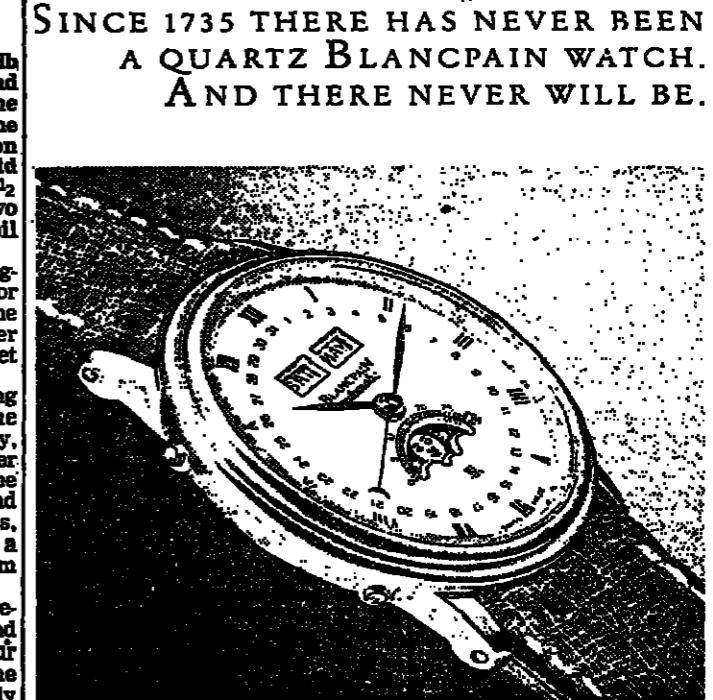


Ceramic coffee pots by William Edwards from the Royal College of Art.

User-friendly round grater by Mark Holden from the South Glamorgan Institute of Higher Education.



A hat with the sort of splendour that would do justice to Nefertiti: by Julie Rooker from Loughborough College of Art and Design.



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DIVERSIONS

Tales of risk and reward

Alexander Norman on the pros and cons of air shows

IT'S AN OLD saw among display pilots that there's nothing like a spectacular crash to improve attendance figures at an air show. On that basis the Farnborough show, in Hampshire, which begins tomorrow, should be a sell out.

The horrifying film of last week's crash at Ramstein U.S. air base in West Germany — in which 45 people were killed and more than 340 badly hurt — and two civilian crashes this week, ensure unusual interest in Farnborough, the Society of British Aerospace Companies' biennial show.

"Unfortunately, you cannot legislate against accidents," says Duncan Simpson, deputy secretary of the SBAC. This stands to reason. It would be quite wrong to suppose that demonstrating planes can ever be made entirely safe, anymore than motor racing, or even horse racing can be. The fact that there have been few Farnboroughs that have not seen an accident of one sort or another is testimony to this.

Mercifully, it is more than 30 years since there was a disaster on the scale of last week's crash at Ramstein. That was when John Derry's de Havilland 110 DCC disintegrated over a crowd of 200,000 spectators after breaking the sound barrier. Since then, manoeuvres over — or even towards the crowd — have been banned in this country. Although it is invidious to say so, the West German crash could not have happened at Farnborough. But even so, it is something of a miracle that the comparatively innocuous accident involving a Canadian Buffalo aircraft which crashed at the last SBAC show, two years ago, did not injure anyone in the crowd.

The West German accident was a case in point. In that instance, the pilot of the "singleton" aircraft (the one that breaks away from the main body) would have been both looking at the ground in order to judge the recovery from his loop, and keeping an eye out for the formation, in order to avoid them. At this juncture there is no margin for error.

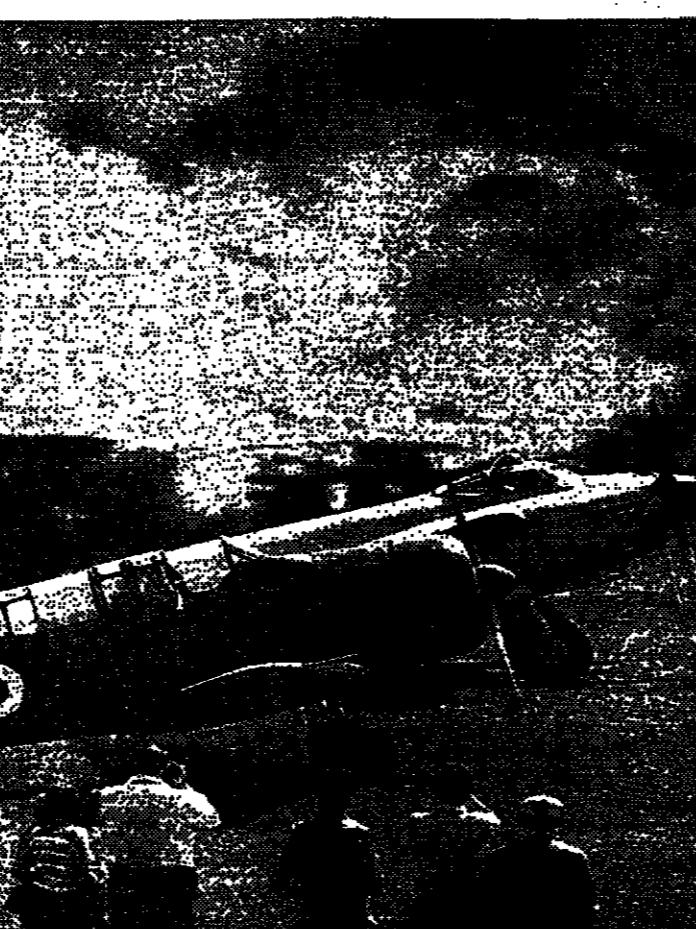
So, when the aircraft suddenly developed a problem with its undercarriage, which it appeared to have done (with the resultant flashing of warning lights) the pilot must have been distracted, from one of

the two tasks in hand. He could not manage a third at that moment. But at least there was some consolation in the fact that there was a technical failure. It is not always so.

Two decades ago, at a show in France, there was a similar multi-plane crash. At the time, there was tremendous rivalry between the Red Arrows and the French national team. The media had done much to encourage the idea of their respective displays as being some sort of competition. As it happened, the Red Arrows, led by the legendary Ray Hannah, were operating at a peak of excellence that has probably not been equalled since.

The French, on the other hand were not so well led. On the day, it was the Red Arrows who flew first. They turned in an act that could not be surpassed other than by taking risks. This the French did — and got away with, until the final manoeuvre, when the leader pulled into a loop too slowly, with the result that the tail enders were unable to follow and duly crashed.

A few accidents do look like a simple case of over-confidence on the part of the pilot.



"But that is in fact exactly contrary to the truth of the matter," says a regular demonstration pilot at Farnborough. "Accidents happen because of the pilot losing confidence in himself," in other words, when conditions conspire to undermine the pilot's faith in himself.

It becomes clear that, ultimately, accidents will continue to happen, as seems to be the case, air displays are permitted to be carried out run on much the same lines as ever, irrespective of disaster. Regulations can be tightened, restrictions can be imposed, but so long as you have aircraft leaving the ground, you are exposed to the consequences of human frailty. This being so, it is worth asking whether there is actually a specific need for even the slightest risks to be taken.

Desmond Norman, founder of the Norman Aeroplane Company and formerly of Britain-Norman, is convinced that there are likely to be as many as 250,000 visitors from the general public during the three open days. Many treat Farnborough in the way that tennis enthusiasts treat Wimbledon. "They start queuing at 6 o'clock in the morning, the real aficionados," says Simpson. A lot of people too, simply go for the day out — and some doubtless in the hope of seeing an accident.

But this aside, what Farnborough really is such a good outing for the family, is a moot point. It is invariably a scrum, the queues for everything are endless and only the most committed enthusiasts could forgive the awful noise that most of the aircraft make. A spectacle it certainly is, but for relaxing entertainment, one of the smaller local shows is probably a better bet.

WE LIVE in an age of misinformation. People are always trying to convince me that "the chips at Macdonald's are wonderful." Or that "the chips at Clares are the best in London." Or that "if you really want to know how good chips can be, you have to go to Belgium."

Rubbish. They mean nothing of the sort. What they mean is that the French fries are wonderful or the best in London, or that if you really want to find out about the pommes frites you have to go to Belgium. A french fry is not a chip. A pomme frite is not a chip. A chip is English, as in a chip on the shoulder or the chips are down.

Neither can one safely say that many of the things currently being served up as chips are true chips, even though they may have the external appearance of being so. In an ideal world there about 10 chips to the pound. They arrive looking like railway sleepers, crisp, brown, benign. They have form. They have substance.

I know these things because once in my life, like a lot of people, I virtually lived on fish and chips. It was when I first went to university, and I was living in digs in Morecambe.

It was always winter in Morecambe, or so my memory assures me, and on black

Food for Thought

The chips are down



My own favourite chips in London can be tracked down at Sweetings in the City. I wrote a guarded eulogy to that splendid place not long ago, and hymned the virtues of their chips then. The chef, John Molloy, swears by King Edwards, fried twice, the first to cook them through at a lowish temperature, 240-250 degrees F. He then browns them up at a higher temperature.

He consulted the authorities. He consulted the Belgians. He experimented with a dozen kinds of potatoes, and, to cut a long story short, this is what they came up with. Like the artists of Lissom Grove, he plumps for Maris Piper old crop, preferably from Lincolnshire. These will take you

through from January to April/May. From August to December turn to the Cyprus new crop, and for the period between you have to look around for something suitable, of the right size, and not too waxy or starchy because this results in a great potato fritter, and who wants that? The Cara Q.V. has been known to pass muster I gather.

When it comes to preparing the little blighters, cut them to your chosen size, and rinse them in cold water until the water runs clear. This will waste away much of the starch. Now they are ready for frying. Le Cafe du Marche insists on using top quality Sasso oil in this department, and because their pommes frites are quite threatening, they only need the one frying in really hot oil.

There is an argument, a futile one to my way of thinking, about the respective merits of chip to pomme frite. There are those who celebrate the superiority of the pomme frite over the chip on the grounds that they have more of the crisp brown fat to them than the other, and that's what fried potatoes are all about.

Others will reject this as heretical nonsense, claiming that they have no body or texture or some such. I believe that there is room for both.

Peter Fort



Unspotted County Mayo . . . but for how long?

Wines of Westhorne — for more wine value

TASTING CASES

Eight selections (12 bottles in each) from the value for money wines of probably the two fastest growing UK wine regions. Bulgarian Case — 5 reds, 2 whites, 1 sparkling, 1 dessert, 1 sweet, 1 dry. Total £12.90. Top Bulgarian Case — the commanding new Plovdiv, Reserve range, Premium, Cotoverta, and 2 sparkling — £3.90. Hungarian Case — 7 standard varietals, 4 dry, 3 sweet, 1 Tokaji Asz. 5 Pinot — £2.90. Total Case — Hungary's famous honours — 2 Szamorod, 3, 4, and 5 Pinot. Pinot Case (50% bottle) — £4.90. Dry Whites Case — the dry Bulgarian and Hungarian cases, plus the dry sparkling wine of the early Károly Károly, and 2 of the new and fermenting Hungarian varietals — £2.90. Medium and Sweet Whites Case — 2 Méthode, Bulgarian Riesling and 2 Cotoverta, Méthode, 3 standard Hungarian varietals, 1 sweet, and 2 Tokaji — £2.40. Red Case — Hungary's Merlot, 9 Bulgarian from the standard Cotoverta (berating red in the UK) upwards, and 2 vintage Hungarians — £6.90. Budget Case — Bulgaria's Méthode, Bulgarian and Country Reds, and 2 Hungarians — £1.20. Prices include VAT and delivery UK. (mailed) for orders of 5 or more cases, under 5 cases freight £3 per order, 10+ cases less £1.00 per case. Postage and packing £1.00. Wines of Westhorne, Unit 1-22, Park Avenue Estate, Sandon Park, Luton LU1 5AE. Tel: 0582 59840.

TESCO, WITH 349 licensed stores, probably is Sainsbury's chief rival in the supermarket wine field. How many of its full list of 330 wines can be found depends on the size of the store, and the list is less imaginative than Sainsbury's. However, from now until early October Tesco is promoting 36 French wines on its list, and a tasting of these was held recently. Some prices are being reduced and are marked below, together with the normal one.

The problem faced by the supermarkets, including Tesco, is finding sound, inexpensive white wines for a public that often drinks 70 per cent white wine, 5 per cent rose, and only 25 per cent red, which is much easier to find in satisfactory quality. Low-priced white wines tend to lack freshness (although less so now owing to improved technology); to smell or taste of sulphur (to prevent further fermentation in bottle); or to be just "green" from lack of maturity. A number of the 17 white wines at the tasting suffered from one or other of these shortcomings. Also, several of Tesco's own-label wines were disappointing — a minus for any wine merchant with its name on the bottle.

Esconnes (£2.25). One of the new, low-alcohol wines made in the Gers department from Ugni Blanc grapes, with the fermentation stopped at 2.5 degrees. Fizzy with carbon dioxide, the flavour starts sweet but then shows considerable underlying acidity. Non-typical but nondescript.

Vin de Pays des Côtes de Gascogne Dom. Desconches 1987 (£2.25). Produced in the Gers from the Ugni Blanc grape employed for armagnac, it is an agreeable, fruity wine with slight residual sweetness. Good value.

A sulphur, dull wine of little character.

Muscadet sur lie Dom de la Huperie 1987 (£3.25). More character, but also with slight sulphur on the nose. And you might expect more fruit.

Tesco Graves N.V. (£2.25). With a light, clean nose and a

High Street Wine

Tesco promotes its French range

Edmund Penning-Rowsell samples a disappointing selection

tion (and often inflated price) of its neighbour. This is a typical generic white Graves. Good value.

Sauvignon Blanc, Cave des Vignerons de Saumur, 1987 (£2.55). This has the virtue of tasting clean and dry and is acceptable, although having no very distinct character. No wonder that much white Saumur is turned into the usually excellent sparkling wine.

Cuvée Bois, Dom de la Jalousie 1986 (£3.85). Another Gascon wine, the bois is evident, with the wine matured in oak casks that give it an attractive bouquet and, I prefer it on that account.

Pinot Noir, Clos des Dampnies 1985 (£2.85). From the Ambronne co-op, this lacks much of the distinctive character of Alsace wine. Perhaps a tasting would have been a better choice.

Tesco Muscadet N.V. (£2.35). A sulphur, dull wine of little character.

Tesco Graves N.V. (£2.25). St. Veran les Monts, Co-op

Prise 1986 (£4.25). Very good, full colour and made from the Syrah grape of the Rhône, this is distinctly oily on nose and palate and a attractive, mouth-filling wine. Good value.

Muscat de Frontignan 1985 (£2.50). Inevitably costly, this has a typical Muscat aroma and a good filled-out flavour.

RED

Vin de Pays des Coteaux de la Cité de Carcassonne 1986 (£2.00/£3.00). The long title of the local co-op's wine makes in the reputation of the medieval walled city. Light in colour, well-balanced flavour, this 11.5-degree wine is easy drinking and excellent value at the promotion price.

Tesco Cotes du Rhône 1985 (£2.19). I would have liked to recommend this low-priced wine but I found it dry, tannic and rather hard.

Tesco Terres Fines, Vin de

Tain l'Hérmitage, are full-bodied, mouth-filling wines and this is a good example, with plenty behind it. Good value.

Côte-Rôtie, Michel Bernard 1982 (£7.45). The colour is good, the bouquet fair but closed, and the taste has a touch of blackcurrants. But it lacks the distinction expected of Côte-Rôtie.

Gevrey-Chambertin, Marchot 1986 (£2.55). A 13-degree wine of medium colour and a fair but not very distinguished nose and palate and is too young to drink.

Tesco Chablis 1985 (£2.05). This has real clarity flavour and aroma. Good value, especially at its promotion price.

Ch. Langue-Barton 1984 (£2.55). From the under-rated 1984 vintage, this third-growth St. Julien shows itself to be a wine of class and quality but is still on the dry side.

Pavillon Rouge du Château Margaux 1985 (£12.95). The second wine of Ch. Margaux, where a very careful selection is made from the Bury co-op. The '85 has fine colour, typically light in colour, has fair fruitiness on the nose and an amably soft flavour. A good example.

St. Joseph, Mathis Vignons 1985 (£4.25). St. Joseph, from the Rhône right bank near

Fishing

Delphi's gathering gold clouds

Tom Fort visits a threatened landscape



IT WAS A pleasant conceit for the 2nd Marquis of Sligo, having built the shooting lodge with which all self-respecting 19th century Irish landlords were expected to have their estates, to call it Delphi. For this little that is reminiscent of the Aegean in this rain-swept, wind-blasted valley far away in the border country of counties Mayo and Galway where the sheep, and even the mountains, outnumber the people.

The marquis must also have thought so, for, having indulged his little whim, he took no further interest in his lodge. His heart, apparently, remained among the sun-baked ruins of Greece. The treasure on his doorstep — in the form of the bountiful shooting and fishing — meant nothing to him, poor, foolish man.

Time has left Delphi pretty well untouched. There is a road, of course, and the sheep have eaten most of the heather. But the craggy heights of Mweelrea and a mass of lesser hills still lower over the three troughs that fill the valley, and the River Bunnorragha still sparkles away to the sea at Killary. And the salmon and sea trout still run up the river to the three troughs and the fishermen still come to pursue them.

After a year of sorry decline — when the lodge crumbled and the poachers ruled the waters — Delphi has been given a new life. I mentioned here a few weeks ago how a clever Englishman, Peter Mantle, had bought the place and done it up, covering a good deal of his vast outlay by time-sharing the part of the fishing. Having now paid a visit, I can report that Mantle has performed deeds for which he should be blessed among anglers.

But this aside, what Farnborough really is such a good outing for the family, is a moot point. It is invariably a scrum, the queues for everything are endless and only the most committed enthusiasts could forgive the awful noise that most of the aircraft make. A spectacle it certainly is, but for relaxing entertainment, one of the smaller local shows is probably a better bet.

Against this are the benefits that mining would bring jobs, revenue for a hard-pressed Irish exchequer (the government owns all minerals), cash for one of the Republic's most impoverished corners. The concreteness of such gains — however short-term they may be — makes it a fair bet that, if the gold is there in viable quantities, out it will come.

So, for those who cherish landscape that is wild, and lovely, and undefended, take a look at Delphi while there is time. And, if you know how to use it, take a fishing rod.

■ *Delphi Lodge, Leenane, County Galway. Tel: 091-535-5522/23*

DIVERSIONS/BOOKS

Fez crumbles as pressures grow

Francis Ghiles on efforts to save a great Islamic city

THE Moroccan city of Fez is one of the glories of Islam. But if greater efforts are not made to save the 1,000-year-old town — a fifth of its 7,000 houses are already dilapidated — there will be little left by the end of the century to remind them of it.

A report commissioned by the Moroccan Interior Ministry, completed 18 months ago, assessed the results of efforts made to save a town where minarets and palaces display every shade of ochre and grey and which, for centuries, was the political capital of the kingdom.

A campaign was launched with fanfare in 1980, four years after Unesco had decided that Fez was part of the "world's heritage." Progress in restoring a city which boasts more than 300 mosques, countless *medersas* (theological colleges) and many beautiful palaces has proved painfully slow, but that is not the fault of those responsible for carrying out essential restoration work.

They face problems of pollution and overcrowding common to many cities in developing countries. The modesty of their budget and the little authority they command do not allow for radical measures. Yet the American writer Paul Bowles described Fez as "hopelessly sick" 30 years ago, while a more recent observer compared it to the "body of a great animal, dead and rotting but somehow animated by the maggot that inhabit it."

Fez was founded in AD 789 (Hegira 172) by a descendant of Prophet Mohammed, the Shia prince Idris Ben Abdallah. But after its conquest by Yusuf Ben Tashfin in 1089, Fez became the religious, political and economic centre of an empire which extended across present day Morocco, much of central north Africa and southern Spain.

It is fitting in a city where history and myth still occupy so large a place, that the architect in charge of restoration should be called Abdellatif El Hajjami — a name which means "healer" in Arabic.

His team is restoring three houses, at a cost of Dirhams 30,000 to 50,000 each (£2,000-£3,300). The three families who live in each house are contributing about one third of costs.

Bricks, stones and wood from the crumbling walls are often reused by the *maâlem*, the master craftsmen whose knowledge of their trade is inherited from a 1,000 years of practice. El Hajjami's team has rid the narrow streets of all the plastic awnings and tied the mess of electric wires in the

main thoroughfares.

Some of the *casas*, the fortresses on the hills above Fez El Bali, the old city (as opposed to Fez Al Jdid, the new city where the Marinid sultans built the royal palace and the Mechouar parade ground in the 13th century) have been saved, although, in a very inappropriate southern Berber style.

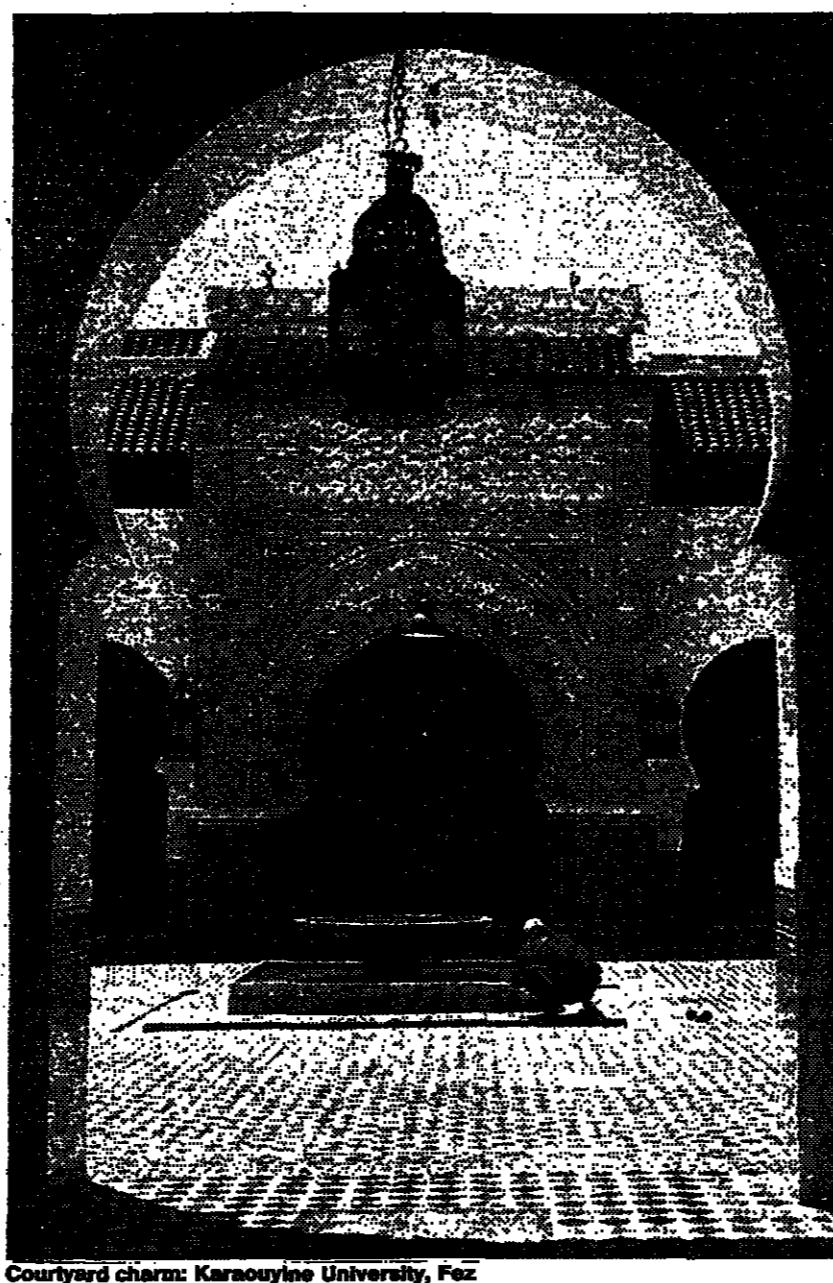
The Bahia Palace, which houses a handsome collection of Moroccan crafts, and the Bouanania *medersa* have also targeted to regain some of their ancient splendour. But countless others, such as the splendid 13th century El Mokri or Mohammed Chérif palaces are slowly crumbling. The famous 14th century water clock outside the Bouanania remains in a state of decay. Restoring the ramparts meanwhile is proving fiendishly complicated. Architects have discovered, for instance, that the holes in the walls serve to aerate and are not some messy reminder of the shattering put up when they were built.

However, such restoration does little to address the central problems of a city where the population has risen from 70,000 at the time of the French conquest to around 600,000. Those who wish to save the history of Fez must first decide whether to turn the city into a museum or to thin out the 250,000 people within its walls and allow essential restoration work to proceed.

The first option seems fanciful. Where would the money come from which could return 7,000 houses, 300 mosques and countless places to their old splendour? El Hajjami's team believes that the only way to tackle the issues is to set up a public body, with a broad, remit and sweeping executive powers.

Every day that passes, an increasing amount of toxic waste is poured into the city's 70km of 18th century sewers and many more kilometres of clay piping. The fabric of these conduits is already badly decayed, by craftsmen and their apprentices busy tanning leather, polishing metal and working the ever-increasing number of small machines, the vibrations of which cause untold damage.

As the pollution crosses the old medina, which lies copped in a tipped bowl on the edge of the plateau on which the royal palace and *medouar* stand, it increases dramatically. The water's phosphate content increases dramatically — along with heavy metal pollution. This is getting worse as an ever larger volume of manufactured goods and crafts is produced in the medina by people whom tax inspectors



Courtyard charm: Ksar el-Kebir, Fez

find increasingly difficult to locate. The old town accounts for two thirds of such goods produced in what remains Morocco's second largest industrial city.

Revamping of the old city will be halted if far more cheap housing is not built. Existing stocks cannot even accommodate the 25,000 people dislodged by the surrounding countryside every year.

Some shanty towns just beneath the walls have been cleared but others are growing. Sixty people lost their lives and 30,000 were made homeless when a cliff collapsed on the shanty town of Haff Zakoura in February.

Nothing but the myth will remain by the end of this century if those Moroccans who so fondly claim Fez as their spiritual capital do not act decisively. International aid is unlikely to be forthcoming otherwise.

palaces have been sub-let and are decaying and cannot be visited. Many old *casas* (buildings which for centuries acted as warehouses and hostels for travelling merchants) are closed.

King Hassan likes to reside in Fez for a few months every year. The economic activity and the sense of self-esteem these visits bring to the Fassis are important, but the monarch's presence also helps perpetuate the "myth" of Fez: the myth of a city which, for all its problems, is strangely haunting — even for those travellers not particularly versed in Moroccan history or the tenets of Islam.

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BOOKS

Personal freedoms under challenge

Alan Budd examines economist Samuel Brittan's latest arguments in his quest for liberal values

IN 1973, Samuel Brittan published "Capitalism and the Permissive Society." It was a dark time for market liberalism. In Britain, despite an election manifesto that had promised greater use of market mechanisms, Prime Minister Edward Heath was presiding over an extraordinary experiment in corporatism.

The economy was to be run by the Confederation of British Industry and the Trades Union Congress under the guidance of William Armstrong. Civil servants devised elaborate systems for controlling prices and incomes. Specific promises were made not only about the growth of output but about how it would be shared out, as if the Treasury had a large tureen of soup with a generous share for workers (provided they controlled wages) and the rest for profits (provided prices did not rise too rapidly).

Not only was the claim to manage the economy in this way absurd, there were more sinister developments. Many declared the country ungovernable and, following the victory of the mine-workers in 1974, "there were times when normal bourgeois liberties such as freedom of speech under the law, and the right to modest personal property, could not be taken for granted."

Against this background, there evidently was a need to argue the case for competitive markets, not only as a superior way of coordinating human activities to decisions arrived at by political means, but also as an instrument of human freedom. However, as the author says, the landscape now seems changed out of all recognition. The virtues of decentralisation, deregulation and dispersed ownership, not only of personal property but also of the means of production, have become the orthodoxy among governments of all political persuasions.

"A Statement of Economic Liberalism" (to be published on Thursday) is a re-issue of that earlier work with a brief new preface plus a long postscript entitled "The Never-Ending Best" which replaces the previous classic chapters. Why has Samuel Brittan revised the book? It is because he believes that so much that has happened is contrary to the kind of liberalism that inspired the original text, in particular, much that passes as market economics threatens to reduce, rather than to enhance, personal freedom.

It provides a useful distinction between three types of pro-market attitudes which he labels as market liberalism, the New Economic Right and Neo-conservatism. The first describes his own position and is the one the book sets out to explain and justify. It is close to the concept of "the social market economy." It does not exclude a possible role of the government in redistributing income and wealth and might well require intervention to ensure that the market works effectively.

The New Economic Right is far more prepared to accept laissez faire and believes that free market capitalism, whatever its possible defects, is far better than the alternatives. The New Right sees only a minimal role for the state.

A RE-STATEMENT OF ECONOMIC LIBERALISM by Samuel Brittan

Macmillan, £27.50 (28.95, paper
back), 347 pages

Finally, Neo-conservatism includes those who seek to restore traditional values to restore traditional patriotic and family feelings, and to reinforce respect for authority. Neo-conservatives may espouse the value of the market, but only so long as its results correspond with their prejudices.

Brittan illustrates the distinction by reference to the continuing debate on the future of broadcasting. The Peacock committee (of which he was a member) produced a report in the spirit of market liberalism which, for example, rejected deliberately the free market solution of allowing BBC television to be funded by advertising. The New Economic Right would have left it to commercial forces while phasing out regulation and the licence fee. The Conservatives were most concerned with issues such as bias and the excessive display of violence, and sought to maintain or increase the present level of regulation.

Thus, the apparent success of pro-market attitudes leaves Brittan anxious. There are three reasons. First, there still are strong intellectual traditions on the Continent to be opposed. Second, much of the support of free competition is partial rather than whole-hearted, not least among businessmen. "The virtues of capitalism have little to do with the intentions of capitalists; and if there is far more competition in the longer run than the more simplistic critics suppose, it is because of the difficulty of keeping out new entrants, products and ideas, rather than because of any lack of desire to do so."

Finally, support of market economics has become divorced from a wider commitment to personal freedom. "Unfortunately, it is often just those political leaders who claim to be most against state control of economic life who are most opposed to freedom of personal and artistic expression."

On that last point, Brittan suggests the label "The New Spartanism" to describe certain common features of Thatcherism and Reaganism which

include hawkish attitudes to foreign and military affairs, opposition to permissiveness, and general hostility to government economic intervention. He argues that the first two are the opposite of liberalism while the third, although apparently liberal, is likely to be more concerned with the disciplines that markets impose, rather than the freedoms they provide. Thus, economic liberalism still has to be defended from its enemies and protected from its false friends.

The final chapter provides a valuable commentary on recent economic and political developments and also considers attempts - by Rawls and Nozick, for example - to solve some of the problems of economic philosophy. There are still knotty problems for the soft-hearted liberal. How do you decide a policy of redistribution? How can you compensate for the casualties of economic change without losing incentives? How can you prevent a democratic system from becoming - as this threatens to do - a tyranny of the prosperous majority over the disadvantaged minority?

There are also the more practical questions of exchange rate and fiscal policy and further analysis of the possible role, both in increasing employment and in reducing alienation, of schemes for profit-related pay. It all contributes to the need for detailed thought on the precise content of the ideas associated with economic liberalism.

Any society with aspirations to egalitarianism would long since have abolished Samuel Brittan. He writes the best weekly economics column, elegant in style and provocative in content. He covers a range of subjects to a depth that should shame those of us who can cope only by concentrating on a narrow topic. He makes time to attend seminars where, inevitably, he asks the penetrating question the speaker most dreads. He writes important books. He manages to display in the course of a few minutes more courage in challenging those to whom he might look for favours than most of us can summon in a lifetime. He is that rare British creature: an intellectual.

We cannot always share his enthusiasm for another new remedy for our economic ills, but we should join him in the never-ending quest to establish the liberal values embodied in this challenging book.

Crime

Inside the BBC

MINNETTE Martin's *The Eye of the Beholder* (Faber and Faber, £10.95, 218 pages), a first novel, has many good qualities, neat prose, keen wit, alluring eye. There are digressions (including an altogether proper attention to food and drink), but they are never too long to make the reader impatient. The conclusion is unsatisfactory, almost a tease. But the book is always enjoyable reading and shows a fairly firm grasp of its subject: the art world. There is some tedious

Berenson-bashing, which might well have been omitted; but the splendid insider's portrait of the BBC more than compensates.

In *A Murder Too Many*, by Elizabeth Ferrars (Collins, £9.95, 198 pages) the patient and perceptive Andrew Bassett goes back to his old university, and, as often happens when he arrives somewhere, murders ensue. Vowing not to become involved, naturally, he is obliged to do a bit of looking around, talks to a few people and, in due course, sorts out the whole story. This is the always-reliable Ferrars at her cool and leisurely best.

The theatre is full of murderers, at least in crime fiction, and it also seems to offer a considerable number of appropriate victims. In *Murder Out of Time*, by Simon Shaw (The Bodley Head, £10.95, 200 pages), the talented but unlucky Philip Fletcher finally tastes success, first as an inventive killer, then as an actor. Moralists may be dissatisfied with the wicked ending but crime-lovers will welcome Shaw, who makes his bow with this confident and engaging performance.

Indeed, searching for parallels to John Lennon's existence in his later years, the first to

Francis M. Nevins, biographer of Cornell Woolrich and author of the Afterword to the posthumous publication of Woolrich's *Into the Night* (completed by Lawrence Block, Simon and Schuster, £10.95, 181 pages) calls him subject "the greatest writer of suspense fiction that ever lived."

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Block, in completing the not-quite-finished manuscript found among Woolrich's papers, has caught the tone perfectly.

Even on its own terms, this story is not entirely successful. But Woolrich fans will be grateful for its resurrection.

William Weaver



Wartime memories . . . (left to right) Cyril Ritchard, Madge Elliott, Joyce Grenfell and Graham Payn in theatrical action as *The Bureaucrats of Battersea Rise*.

A trouper's other life

SURPRISINGLY, Joyce Grenfell was not an amusing letter-writer. Unlike her anxious parents, her play school leaders, and canteen managers, into whose very ordinary lives she breathed the genius of comedy, the characters in her letters are flat. They are described faithfully with every detail of jewellery, dress and behaviour noted meticulously, but if, as one supposes, they are the base material, they are a long way from their elevation into art.

The explanation, perhaps, is that Joyce Grenfell, despite her theatrical success, put her performing self into a separate compartment from her everyday self. And it was the everyday self which came first. During the Second World War, she suffered a crisis of conscience over whether she should act (which she enjoyed) at a time of national suffering. In fact, she was called up to attend seminars where, inevitably, he asks the penetrating question the speaker most dreads. He writes important books. He manages to display in the course of a few minutes more courage in challenging those to whom he might look for favours than most of us can summon in a lifetime. He is that rare British creature: an intellectual.

This viewpoint comes as a happy antidote to her unflinching anti-Semitism and anti-homosexuality, two of the reasons why she disliked the world of films and most people in the theatre. The former she describes as "sawdusty" and a blurring of edges and soul destruction" where "it's the dominant yellows who win." The latter is denigrated for its "sloppiness" and "complete lack of standards." Joyce herself, an active Christian Scientist, followed a rule of high principles at all levels of her life, even Darling Ma found herself in real trouble when she failed to pay a dress account. "PAY YOUR BILLS," writes Joyce, in angry capitals. It is, indeed, the only note of discord in these 12 years of letters - which must be a mother/daughter record.

Of course, Joyce Grenfell liked people and was nice about them. Even her sketches did not attack painfully. Her instinct always was to look on the bright side. "The new income tax is a nasty shock," she notes in 1939. "Pew! to 7/6d to the 2!" But then she adds, characteristically: "Ah, well, it's worse for the rich."

It would be unfair to castigate someone for being too nice, and occasionally her shiny niceness leads her into a form of self-parody near the end of *Gog*: "Memory is all, a man in his memory . . . So, the ancient magic of runes and stones and secret alphabets are intertwined with the modern magic of codes and computers and radar; and parallels are shown between events of all kinds across the centuries."

Darling Ma was enjoying her second marriage in North Carolina, but doubtless she must have been worried about her only daughter working in wartime London. At one luncheon concert by Myra Hess in the National Gallery, Joyce helped to cut 1,700 sandwiches.

Perhaps her mother's concern explains Joyce's free use of the word "uncomfy" and the bland reassurance of her pictures. The worst she can bring herself to say after eight difficult weeks touring Northern Ireland is "turned uncomfy."

James Roosevelt uncovered these letters for a review, based on the life and work of Joyce Grenfell, to be performed by Maureen Lipman. It is a pity that his faithful editing of them did not allow him to include the written material for the theatre, so that art could have breathed wit and brilliance into life.

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Rachel Billington

Squashing a Beatle

THE LIVES OF JOHN LENNON
by Albert Goldman
Bantam £15.00, 719 pages

spring to mind is Suston's description of the home life of one of the more wayward Julian emperors. Here are the orgies, the cruelties, the rages, the conspicuous consumption, the obsequious retainers.

Of course, Goldman has made his million by concentrating on just one side of Lennon's character - the deprived. There were probably many charming gestures that he ignores, for he has hardly a kind word for his subject. Lennon was apparently a rapist, a murderer (twice), a drug addict, a plagiarist and a crook. Worst of all, he could not even play the guitar well.

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In the modern way, Goldman justifies Lennon's behaviour in psychiatric terms: Lennon was deprived of his mother at an early age and his constant search for a substitute led him to be dominated, briefly, by his manager, Brian Epstein, and then for over a decade by Yoko Ono whom he actually called Mother. In his submission to her, he kicked away his one secure family - the Beatles.

This is a sensationalist, pre-judged, perverted biography. The wildest accusations - about the alleged murders committed by Lennon while in an uncontrollable rage - are never substantiated; the alleged affair with Epstein would seem probable given Lennon's addiction to bizarre experiences. The final years in New York, when he submitted to Yoko Ono, have the greatest credibility.

Their joint search for fulfilment - through ensuring world peace by taking to their bed, by contacting other planets, by primal screaming, by absorbing prodigious quantities of drugs by employing witches and necromancers - would be funny if Goldman had a sense of humour. By the end, you feel sorry for Lennon.

Goldman makes terrible howlers when describing the British years (Quarry Bank School) will be surprised to learn that it has educated two socialist prime ministers. His evaluations of Lennon's songs are puerile and embarrassing and his pretentious style almost sinks the whole enterprise. But, as a highly-coloured account of the shooting down of a star, it makes a tremendous impact.

Antony Thorncroft

Fiction

Magic ancient and modern

KING LUDD
by Andrew Sinclair
John Curtis/Hodder, £11.95, 352 pages

genius son of a wandering stonemason, Bert, in whose tool bag he spends his early days. Hedric is swung from his father's shoulder to liope with chisels, or pulled up in a bucket to the church pinnacle on which Bert is working . . .

In the complexity of its medieval and philosophical themes, it sometimes recalls *The Name of the Rose*, involving freemasonry, heresies, (Albigensian, Cathar), the Inquisition, all kinds of semi-religious, semi-political movements, and endless speculation upon forms (intellectual and artistic) about to burst from the strait-jacket of tradition and technology. As in Sinclair's trilogy, real men fictionalised and invented characters jostle for space, as for power: Henry III, Simon de Montfort, Robert Grosseteste, Roger Bacon, and a hydra-headed political monster known in the greenwood of Sherwood Forest as Hood.

The writing, as suits a picaresque novel, is powerful, swift and vivid; its implications are deep, its plot is tortuous. Like all picaresque heroes, Bert is precocious as life on the road has made him; his spirit, imprisoned in its age, thrashes about to be free of it. He is an acceptable link between then and now, an intellectual hider.

The Tea-Planter's Daughter seems limp compared with either of these but, both formally and psychologically, it makes a link between them. To marry realism and fantasy is hard enough; to have a half-dyed heroine (but is she?) even harder.

Sara Banerji triumphs through originality of mood and feeling. Her study of the Cambridge tritons, *The Red and the Blue*, makes the central thread of the plot: real people (Wittgenstein at Cambridge, for instance) combine with others in recognisable political and moral situations. The hero kills a friend, thus reverting to Foster's famous dictum about friendship and loyalty.

How they manage is one thread in the story. How Hindu magic helps is another. Modern India, and its racial mixtures, is a third. Credible oddness is part of the landscape, like the sun at the gate who has cut out his own tongue, yet manages to talk to Julia. The housekeeping is perhaps the most appealing part of it all. Hindu servants and household pets being created with what seems total exactness and affection.

Isabel Quigley



Sara Banerji . . . originality of mood and feeling

Medici rule OK

THE LETTERS OF MARSILIO FICINO, VOL 4 (LIBER V)
translated by members of the School of Economic Science, London
Shepherd-Walwyn £13.95, 184 pages

LOVERS OF Florence will recall the most exciting event to have taken place within the sacred space of the Duomo: the explosion of the Pazzi conspiracy at High Mass on April 26, 1478, the Sunday before Ascension Day. Giuliano dei Medici was assassinated and his brother, the magnificent Lorenzo, escaped only narrowly. This was the culmination of the rivalry between the two banking houses of Medici and Pazzi, the latter of which

had the support of the unfeeling Pope Sixtus IV. Lorenzo's escape confirmed the rule of the Medici and the end of the Pazzi.

Marsilio Ficino, the leading Platonic scholar of the Renaissance, was a close observer of these events. His letters show that he suspected what was about. Expressive of high moral altitude, platitudes about Love and Friendship all round, they are in some contrast with the facts of life at the time - or any time. However, these ideals inspired the works of art that remain when the actors, conspirators and victims are long dead.

This translation from Latin, now increasingly opaque to us, is a work of scholarship for which to be grateful; but was all that *opporatur criticus* necessary?

A. L. Rowse

Tolley's TAX GUIDE

ARTS



A moment of history recreated in Peter Sellars' production for Houston Grand Opera

Nixon in China makes a splash

David Murray in Edinburgh reviews the British première of John Adams' new opera

DESPITE THE Swedes' engaging *Turandot*, and the Groves' sly and beautiful *Mariavite*, this year's Edinburgh Festival has been needing a bigger splash. On Thursday the Houston Grand Opera supplied it in grand style with *Nixon in China* — original production and cast from the première less than a year ago, and with the composer John Adams conducting it now for the first time. It would justify a considerable detour, even a race to a shuttle flight: the remaining performances in the Playhouse Theatre are tonight and Monday.

The phrase "producer's opera," usually an explosive, fits *Nixon in China* quite fairly, for it was the producer Peter Sellars who persuaded Adams and the poet Alice Goodman to write it. It does indeed portray the American president's "historic" visit to Beijing (as we must now call it), if not altogether historically, and besides the Nixons the principal characters are the Mao Tse-tungs, Chou En-lai and Henry Kissinger. The latter is rudely treated; in Act 2 he somehow gets into the ballet "Red Detachment of Women" as a salacious brute, and in Act 3 he disappears early to the toilet, returning near the end only to fall into bed.

Otherwise there is no simple caricature. The President's tendency to

exited bluster is gently kidded, like Pat Nixon's homely small-town ways, but text, music and production alike — never really distinguishable elements — grant them serious depths, and their Chinese hosts no less. Though in the beginning the official receptions and tours are exquisitely gilded, the sense of a momentous event is retained. The opera concludes with private meditations on the final night, cross-cut to darkly rumbling music: the Mao reminiscing about the days of glorious struggle, Nixon obsessively re-living his time in the Pacific war theatre for his solicitous wife, lonely old Chou reviewing his own labours in a long, bleak perspective. Deliberately, we are denied the triumphal departure.

For two acts, the impeccably paced Sellars production dazzles: broad, economical strokes, infinitely better attuned to Adams' music than his Glyndebourne *Electrification of the Soviet Union* last year was to Nigel Osborne's score. The introverted third act gives him less scope (some mock-Western dancing by a Chinese pair is neither here nor there); and preliminary scanning of Goodman's libretto in the programme-book — mostly in couplets, mostly rhymed by assonance — is advised, for the cross-cut monologues sometimes exceed the powers of the sound-system in use.

Like other "minimalist" composers, Adams relies unashamedly upon electronic assistance for voices. He likes more percussion, and a more aggressive wind band, than the human voice can contend with unaided. The secret of this fascinating score, however, is that it is not authentically minimalist at all. On the surface, it mimics the repetitive patterns that make Steve Reich and Philip Glass go down with young audiences for whom music is audible only when carried on a disco-beat. But the slow, calculated, subliminal transformations that give life to the pieces of Reich and the earlier Glass (latter is duller, though evidently marketable) are not Adams' real concern.

He cultivates swift variety and frank *Affekt*, not laid-back cool. Thinking patterns built over unresolved alternating chords are the stock-in-trade of his East Coast seniors (Adams is now an adoptive Californian); but he favours particularly incisive chords, and his dramatic constructions over them and with them owe very little to mathematics. Janácek's free, poignant vocal lines over rotating harmonies come to mind; closer still, the cadences of Mussorgsky's Kremlin bells in *Boris*, which are repeatedly echoed in *Nixon in China*.

So are patterns from Wagner's *Rheingold* (the beginning) and *Götterdämmerung* (the end), and Holst's "Saturn"

and "Neptune" (for Act 3); the choice of orchestral colouring is too close to be accidental, even if unconscious. It is scarcely plagiarism, but a kind of homage by a composer working in the same expressive territory — the echoes crop up here, after all, in post-modern sequences of a quite different kind.

Heard in concert on their own, those sequences might reveal no compelling musical argument. Together with Goodman's subtle text and Sellars' stage realisation, however, they illuminate a drama of remarkable visionary power, and analysing the components separately would be an arid exercise. If that makes *Nixon in China* less an opera than a score-quotes "opera," it hardly matters.

James Maddalena's baritone Nixon is a nervily brilliant, detailed study, complemented most touchingly by Carolann Page's plucky, anxious Pat. As Kissinger, Thomas Hammons boasts some acrobatic skill in his bell-tent, and an imposing bass-baritone elsewhere. Sanford Sylvan's Chou En-lai has the fine *gravitas* required throughout, and especially for the close of the opera; Mao and Madame Mao are John Duykers and Trudy Ellen Crane, a properly crusty tenor and a forceful soprano. Mark Morris has devised ideological choreography as witty as Adrienne Lobel's bold, plain sets.

Man with a mission to head Arts Council

Antony Thornecroft discusses the likely appointment of controversial property developer Peter Palumbo

AFTER MONTHS of searching, the Minister for the Arts, Mr Richard Luce, (with the PM looking over his shoulder) has finally found a new chairman for the Arts Council. Few doubt that the property developer Mr Peter Palumbo will be formally appointed to a job turned down by Lordes Armstrong and Gowrie, among others, when all the interested parties have returned from their holidays and the Edinburgh Festival.

The current chairman, Lord Rees-Mogg, retires at the end of March after a seven year stint; he did two extra years while the Government hunted for a successor. The job has few tangible attractions. It is unpaid; there is a car, but only for official functions; and most of the work involves chairing meetings. On the other hand there are plenty of invitations to the opera — and to fringe theatres — and there is usually, although not inevitably, a knighthood at the end of it, which could appeal to Mr Palumbo.

To a great extent the job is what he makes it. Lord Rees-Mogg took to it like a duck to water. Appointed to give the Council a Thatcherite thrust and to trim its interventionist and subsidy distributing policies, Lord Rees-Mogg was soon converted to the need for Government aid for the arts. By quiet, gentlemanly, lobbying he managed to fight the Arts Council's corner and to ensure that its grant, £150m this year, stayed ahead of inflation — just.

He turned up most mornings at the Council's Piccadilly HQ, popping down to his nearby antiquarian book shop in Pall Mall, Pickering & Chatto, in the afternoon. As a strong, and very effective, chairman he tended to lead the council members by the nose at their monthly meetings. He also had the advantage of working with a young and amiable secretary general, Mr Luke Ritner, who shared his political background but who was also prepared to fight the cause of the Arts Council's myriad clients against Government indifference. Most of the initiatives of the Arts Council's corner and to ensure that its grant, £150m this year, stayed ahead of inflation — just.

Mr Palumbo has a very different background. On the artistic side his passion is for modern art rather than for literature. In personal terms, although educated at Eton and Oxford, he has not the Establishment background of Lord Rees-Mogg. His recent rise through the social scale, culminating in his selection as a Godfather to the infant Princess Beatrice (providing his staff at the Arts Council with a

Rohe, opposite the Mansion House in the City. The Prince, dismissing the tower as a "stump," bolstered the opposition and the scheme was turned down at a public inquiry, although the dogged Mr Palumbo is repeating the exercise with an alternative plan devised by James Stirling. It is certainly a novelty to have the chairman of the Arts Council in the front line of a battle between modernists, anxious to leave a late 20th century mark on the future, and traditionalists, fighting to save eight decorative listed Victorian buildings.

Mr Palumbo also hit the headlines when he resigned last year as chairman of the Tate Gallery Foundation, which he had helped set up only eight months previously with the aim of raising £40m to fund new buildings for the Tate. This followed an equally sudden resignation as a Trustee of the Tate in 1984 after falling out with the Tate's director, Sir Alan Bowness.

Mr Palumbo is a man of strong opinions which he is not reluctant to express, forcefully. He has a genuine passion for contemporary architecture and art — his office is enhanced with sculpture and paintings by some of the best, but also the most bankable, modern artists, like Anthony Caro and Henry Moore. He is a man with a mission to make a lasting artistic mark on the land.

He is obviously a controversial choice as chairman of the Arts Council, whose task is to defend the artistic and financial well-being of creative artists in every field — from Covent Garden opera to the Notting Hill Carnival. Much will depend on the brief he has received from the Minister for the Arts (and the Prime Minister). If the Government thinks that the arts are too financially insignificant, and too vociferous, to stir up with threats of privatisation and a dependence on self help then Mr Palumbo, with his energy and panache, could be a sturdy defender of his new empire. In the end it will come down to how much time, and patience, he can devote to his new responsibility.



Peter Palumbo

readymade soubriquet for him, is attributed to his residence near royal Windsor and his passion for polo.

Unlike previous chairmen of the Arts Council, who tended to be retired politicians like Mr Kenneth Robinson or from the ranks of the great and the good, like Lord Gibson, Mr Palumbo has been at the centre of artistic controversy in his own right — not once, but twice. His most notorious battle was with the Prince of Wales over plans to build a tower and a square designed by his favourite architect, Mies van der

Video

Play it again, Bogart

PREPARE A welcome for the man with the lisp and trench-coat, Humphrey ("Of all the gin joints in all the towns in all the world") Bogart is about to visit all the video joints in the British Isles. Warners, continuing their splendid policy of issuing library-building "star collections" (last time, Bette Davis), have brought out twelve Bogart titles at self-through prices (£9.99).

There are worse ways to spend £119.88 than by buying the whole lot. Bogart defined an entire era of movies — the film noir thrillers wrought out of wartime unease in the shadowy 1940s — and his lisping, sardonic snarl made him an ideal Hollywood anti-hero: popular culture's gift to the age of Camus and Sartre. Indispensable classics in the Warners batch: *The Maltese Falcon*, *Casablanca* and *The Big Sleep*. Connoisseur rarities: *Confidential* (Bogart as ex-con war hero), *The Two Mrs Carrolls* (Bogart as artist turned murderer) and the reliable *The Barefoot Contessa*, with film-maker Bogart squiring "discovery" Ava Gardner through two hours of Hollywood intrigue and 40-carat wisecracks.

"Sell-through" is the buzz phrase in video marketing today. Videos-to-buy are a boon to home-viewers who want to fill their own shelves rather than keep trudging off to rental shops. As well as the collected Bogarts, Warners now offer the collected "Carry Ons" at £9.99: each 20 hours of puns, knockabout history and blue jokes so blue that they will paleate Aunt Edna. From this month, the same sum will also buy you, on the CBS/Fox label, *The Sound Of Music* or *My Fair Lady* or *Hello Dolly* (that man again) *The African Queen*.

New improved prices are matched only by the new improved speed with which yesterday's cinema releases reach today's video shops. It seems but yesterday that John Boorman's *Hope And Glory* (RCA/Columbia) was having prizes and nominations hurled at it in Britain and America. Now you can see and delight in this tale of a wartime child's own memories. As the Blitz

rains down on a ruddy-bricked suburban street, the tears and fears of adults vie with the scampering glee of children, let loose in a wonderland of rubble and rebellion. Romantic, mischievous, anarchic.

Also reaching our home screens now are such piping-hot movies, barely out of their creators' ovens, as *Barfly* (Warners), *Spaceballs* (MGM/UAI) and *Anna* (Vestron). Mickey Rourke fans will be quick to net *Barfly*, wherein the poet-drunkard, based on author Charles Bukowski, *Spaceballs* is the latest rude noise from writer-director Mel Brooks, raspering the *Star Wars* saga in a space spoof with merry moments but the old longue. And Anna has a powerhouse performance from Oscar-nominated Sally Kirk, taken over the Starship Enterprise. Look out for the man replacing William Shatner's Captain Kirk: ex-RSC player Patrick Stewart, boldly going where no Shakespearean actor has gone before.

Nigel Andrews

Radio

The game of survival

LAST WEEK'S Saturday Feature on Radio 4 was called *The Game*, but the first mention of a game didn't come for nearly 15 minutes. Not that, is of a game we should recognise, for what we heard was an account of what we heard was an account by Leonard Wienielski of his days in Buchenwald, illustrated by a jolly anthem, "I remember Buchenwald," written by inmates.

Wienielski was 18 when he was arrested for "borrowing" some binoculars. He was unlike other Buchenwald prisoners in his lack of despair, though his accounts of cruelty are bleak enough. No good making friends; they might disappear any minute. He knew how they disappeared, but could do nothing to stop it. One day he was asked to help hang a fellow prisoner. He did as he was told — what else? No

It was especially good to hear them in those two days, a serious work with a clear Holiday weekend. There seems to be a rule that public holidays should be for relaxation only, but no one would relax to those two different attacks on the *McCarthy* witch-hunts, each of them stimulating in its way.

Today over on Friday, Radio 4 gave us a totally frivolous play, *Perry Ponte's Odd Moments*. Everilda (Brenda Blethyn) was engaged as a housekeeper by Mrs Luffram (Judy Parfitt), not for her many and varied talents and personal beauty, but because she had burnt down the house of her former employer when he took liberties with her. Mr Luffram (Robert Lang) was "easily inflamed," his wife said.

What Everilda hadn't told Mrs Luffram, however, was that she had also poisoned her late employer's wife because of her impatience and ultra-high standards — faults Mrs Luffram shared. Sharp-edged fun, beautifully played under Richard Worley.

B.A. Young

THE RISE AND DECLINE OF THE ROMAN REPUBLIC

THE TESTIMONY OF THE COINS

— Collection of a Scholar —

One of the most prominent and most complete collections of coins of the Roman Republic, which has been in private hands up to now, will be auctioned on Tuesday, the 1st of November 1988 by DR. BUSO PEUS NACHF. in Frankfurt/West-Germany.

The collection contains most of the coin types that have been produced in the name of different Roman moneyers in the period between the Punic Wars and the Civil War after the death of Caesar, including many distinguished rarities. The main part of the pieces has already been published in the famous work of Prof. A. Banti on Roman Republican Coins, for which the Collection of a Scholar provided one of the most important resources.

A fully illustrated sales catalogue will be available on request from the beginning of October.

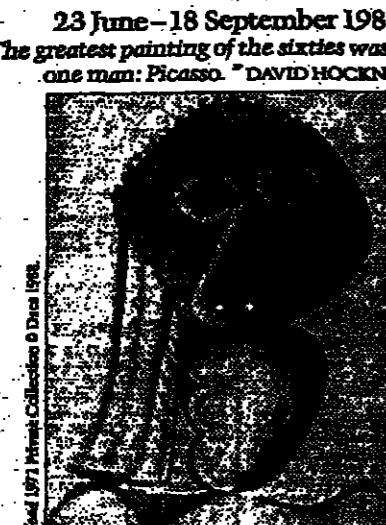
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B.A. Young

SPORT

Extra spice for the bloodstock game

Michael Thompson-Noel revels in the racing scene and its latest Big Event

I LIKE boxers and athletes. I like cyclists, gymnasts, surfers and wrestlers, but most of all I like the folk you meet at the racetrack. Owners. Trainers. Jockeys. Breeders. Bookies. Bankers. Duchesses, tipsy. Rah-rahs. Royalty. Men who would sell you Las Vegas, or a pair of bent Faginards, or who once almost cornered all the world's silver.

Rahelision? That is only half of it. What I like most about a racetrack is its resilience and optimism. No matter what knockings they have taken, what fleecings by the bookies, or irksome stints in prison, the people you meet at the race-track know that all good things happen somewhere in the future.

At present, one of the things that racing folk are looking forward to is the Cartier Million, the world's richest race for two-year-olds – indeed, Europe's richest race – to be run over seven giddy furlongs at Phoenix Park racecourse, Dublin, on October 1.

Was ist die Cartier Million? Answer: it is a wonderful frolic, a superb bloodstock marketing idea dreamt up by Jonathan Irwin, managing director of the Dublin-based auctioneers, Goffs Bloodstock Sales, to bring a little extra glitter to our lives and to attract new investors into racing.

The idea behind the race was

ing. It is doing this by promoting the event, with Cartier's assistance, to what the PR gals are describing as "an exciting new market of international celebrities, businessmen and sports personalities." As well as putting its name to the race, Cartier is providing the trophy, plus other prizes.

It will cost £10,000 (21,550) to run a horse in the Million. Only 20 can compete. But these 20 must have been among the 250 yearlings sold in the inaugural Cartier sale at Goffs last October, where the aggregate was greatly boosted by the lure of the Million. The winning owner next month will receive £50,000. The fifth will receive £20,000, £15,000 and £12,000 respectively, and owners of horses placed sixth to 10th will get their £10,000 back.

These are very macho sums. The Turf is agog. Goffs have stolen a march on all its Northern Hemisphere rivals in the cut-throat bloodstock game. On October 1, corks will pop as the Million field launches itself from the stalls. An enormous amount of money will change hands. And then it will be all eyes down for the second Million sale of 250 yearlings at Newmarket, where the idea of a sales-sponsored race with a restricted entry has shocked the Establishment.

Irwin loves that, of course. His face creases in a smile: "What has really stumped it to the purists," he says, "is the calibre of the Cartier Million horses that have been winning in England, many of which will undoubtedly be included in the line-up on October 1."

These include Cidancier, a colt by Lomond, trained by Henry Cecil at Newmarket,

not originally Jonathan Irwin's. He borrowed it from the Magic Million sale and race in Queensland, Australia, where the idea of a million-dollar carrot to lure in new owners and spice up the bloodstock game has proved a signal success.

Irwin needed something similar for Ireland, where the market had gone flat. "We needed something dramatic to convince breeders that they could get big figures for horses sold in Ireland. It was a real struggle to get 250 yearlings into the sale last year."

But the sale simply boomed, with buyers paying anything from 7,000 guineas to 700,000 guineas per yearling. The Arabs were prominent, as usual, but they did not dominate the sale.

According to Irwin: "What would be smashing is if the Million was won by a £20,000 horse, or one much cheaper, owned by someone whose name you could pronounce. That could have a profound effect on the market. I am already looking for an average of 100,000 guineas at next month's sale. I simply cannot see a downside. The Million has been good for breeders and will be good for the turnstiles. And it's all so simple. The simplicity" – he prods the '88 sales catalogue – "is that some-where among those 250 horses in one that will win a £1m race

within 12 months."

He says that breeders clamoured to get into the second sale. "We were offered almost 700 yearlings for 250 places. And these are good athletes, not just paper champions. They include probably the last son of Northern Dancer to be sold in Europe. Breeders have

realised that they need to put athletic yearlings into the salesring that will stand a chance of landing the jackpot in the £20,000 Million."

He says that the '88 sale is running to Dublin approximately 50 American yearlings that would otherwise have been sold in the US, and about the same number from England, plus a handful from France.

Naturally, the Million has stirred much twittering and envy, especially in England, especially in High Places not a million miles removed from Newmarket, where the idea of a sales-sponsored race with a restricted entry has shocked the Establishment.

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These include Cidancier, a colt by Lomond, trained by Henry Cecil at Newmarket,

which cost 160,000 guineas, and Miss Demure, a Shy Groom filly owned by Kemmet Valley Thoroughbreds, a syndicate made up of 30 shares at £1,000 each (it has 21 members) that bought, for £100,000, yearlings and will sell them at the end of their two-year-old careers unless it decides otherwise.

What fun everyone is having. Kemmet Valley's chairman is the affable Nick Robinson, publisher of *Paceemaker International*, a glossy racing magazine, and a lucky owner in his own right. He says that the syndicate has had a bet of £100,000 to £1,000 that one of its four horses will win the Million, and that Miss Demure is blooming. She is currently the Million favourite, at about 6-1, and is also reigning favourite for next year's English 1,000-Guineas. She is trained by Robert Armstrong and was a snap.

According to the August newsletter: "Dear Shareholder,

"This year has been rather frustrating for us with only a few runs for our horses. However, I am sure you will remember that our original target was to compete in top races, and with this in mind the horses that James Delaunay (a noted buyer) bought for us are turning out to be three-year-old types, not pre-precious two-year-olds." Are they something to look forward to?



Cidancier winning the St Leger and Parker maiden stakes at Newmarket

Indeed, I see from the inaugural accounts that Blue Chip Racing made a loss for the period to June 30 1988 of £165,261, and that the directors are now heralding a rights issue at 2400 per share prior to offering further shares to the "general public" at £255 each. I shall have to ponder that. We are a nice cosy bunch. We don't want any frightful *nouveaux* jostling in and shouting, revving their Volvos, frightening the horses.

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Blue Chip's "most likely classic contender" is said to be Golden Generation, trained at Fulbrough by Guy Harwood, while Taurific – trained in the same stable as Miss Demure – is said to be "on schedule to start his qualifying for the Cartier Million".

He's leaving it very late. But then champions often do. Just when you least expect them, they appear like the wind, trailing clouds of glory. It is something to look forward to.

Prean," reveals Warburton. "He's very awkward-looking, tall and gangly, very un-table tennis, but, at 21, a world ranking of 29 simply doesn't reflect his ability."

He's beaten Liang and Walker this year and if he qualifies for the quarters, he could spring a few surprises. And that's just the boost the sport here needs."

But will the sport's appearance at the Olympics result in corrupted ideals?

"Some guys will shield the ball from your view when serving, others will apply grease to the ball and so make it whizz off the bat at the slightest touch, but I don't see the game's international sensibility being undermined or anything," says Douglas.

"In any case, modern Olympics are essentially about individuals rather than patriots. You find me an athlete who's in it for Britain as opposed to themselves."

"I've got this feeling about

The ping-pong mentality

Robert Steen on Britain's Olympic table tennis hopes

ishest but I don't know if it means the same to us. Everything is done for them; they get ridiculous sponsorship, ridiculous help. Our coach, Donald Parker, asked Minet for £1.5m to cover the training budget. You'd have thought we'd get £10,000 (£2,000, wouldn't you? We got nothing."

Douglas's forthright jabs have jostled table tennis administrators for years. Ted Warburton, however, evidently has his socks filled with Mexican jumping beans, in contrast. Where Douglas reeks justification, cynicism, the chief executive of the English Table Tennis Association bubbles over with cheer.

Encouragingly for Warburton and his fellow exposure-hungry officials, Douglas, his doubles partner Andrew Skye, the current English champion Alan Cooke and the National Top 12 champion Carl Prean, comprise what is

regarded as the most able male quartet Britain has put out since those balmy early post-war days when Johnny Leach and Richard Bergmann took turns to lead the world championship.

Since then, notwithstanding the exploits of Chester Neale and Douglas himself, table tennis in Britain has drifted well behind much of Europe in terms of prosperity and awareness. Douglas, Cooke, Prean, Cooke and Skye are the only full-time professionals in the new Leeds Permanent British Leagues. The West German Bundesliga, meanwhile, where Douglas and Prean have competed, can pay out £40,000-£50,000 a season. It is replen-

ished, moreover, by graduates from specialist residential table tennis schools.

"Seoul could be the biggest thing ever to happen to the game in Britain," contends Warburton in a manner that suggests prayer more than absolute faith. Still, the recent £500,000 contribution to the League kitty – a three-year sponsorship unparalleled for the sport in Britain – has paved an optimistic path.

Douglas, the 32-year-old 12th seed, refuses, however, to join the over-the-moon chorus. He says: "In 1970 winning a three-star tournament in Britain could earn you £100. Now it's £300-£400. And the women are going backwards financially.

Douglas also insists that the Leed's lot should have been spread down to the grass roots, instead of being used primarily to lure foreign luminaries. He plainly feels that improving the health of British table tennis is a task akin to trimming the lawn with a pair of rusty tweezers. If anything, his reaction to the possibility of a

sure, there are now five £1,000 tournaments on the schedule. Sure, my gear and clothing are sponsored, but I'm lucky. It really hurts you, grieves you, when things haven't advanced the way they should have done. Sometimes I wonder how I did what I did. The trouble here is that table tennis is still ping-pong."

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